

1
2 UNITED STATES BANKRUPTCY COURT
3 SOUTHERN DISTRICT OF NEW YORK
4 Case No. 12-12020-mg

6 | In the Matter of:

7

8 | RESIDENTIAL CAPITAL, LLC, et al.,

19

10 | Debtors.

11

13
14 United States Banc
15 One Bowling Green
16 New York, New York

17

18 | September

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21 | B E F F O R E

22 | HON. MARTIN GLENN

23 U.S. BANKRUPTCY JUDGE

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2 (CC: Doc# 4603) Motion for Objection to Claim(s) Number: 4760
3 (Proof of Claim of PNC Bank, N.A.) (Claim No. 4760)

4 See Agenda for update

5

6 (CC: Doc# 4718) Debtors Motion Under Section 365 of the
7 Bankruptcy Code to Assume and Assign Servicing-Related
8 Agreements for Trusts Insured by Syncora Guarantee Inc. to
9 Ocwen Loan Servicing, LLC.

10 See Agenda for Status.

11

12 (CC: Doc No 4420) Third Interim Application of Dorsey & Whitney
13 LLP as Special Securitization and Investigatory Counsel for the
14 Debtors for Compensation and Reimbursement of Expenses Incurred
15 for the Period January 1, 2013 through April 30, 2013 for
16 Dorsey and Whitney LLP, Special Counsel.

17

18 (CC: Doc# 4455) Third Interim Application of Towers Watson
19 Delaware Inc. as Human Resources Consultant for the Debtors for
20 Compensation and Reimbursement of Expenses Incurred for the
21 Period January 1, 2013 through April 30, 2013 for Towers Watson
22 Delaware Inc., Consultant, period: 1/1/2013 to 4/30/2013,
23 fee:\$7,308.10, expenses: \$0.00.

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1 (CC: Doc no. 4458, 4514) Third Application for Interim
2 Professional Compensation for Severson & Werson, PC, Debtor's
3 Attorney, period: 1/1/2013 to 4/30/2013, fee:\$513,814.80,
4 expenses: \$44,994.41.

5

6 (CC: Doc no. 4507) Third Application for Interim Professional
7 Compensation for Locke Lord LLP, Special Counsel, period:
8 1/1/2013 to 4/30/2013, fee:\$259725.40, expenses: \$2788.67.

9

10 (CC: Doc# 4511) Third Interim Fee Application of Deloitte &
11 Touche LLP for Compensation for Services Rendered and
12 Reimbursement of Expenses as Independent Auditor and Attest
13 Service Provider to the Debtors for the Period from January 1,
14 2013 through April 30, 2013 for Deloitte & Touche LLP, Auditor,
15 period: 1/1/2013 to 4/30/2013, fee:\$2,984,455.50, expenses:
16 \$0.00.

17

18 (CC: Doc# 4512) Third Fee Application of KPMG LLP, as Tax
19 Compliance Professionals and Information Technology Advisors to
20 the Debtors and Debtors in Possession, for Interim Allowance
21 and Compensation for Professional Services Rendered and
22 Reimbursement of Actual and Necessary Expenses Incurred from
23 January 1, 2013 through April 30, 2013 for KPMG LLP, Other
24 Professional, period: 1/1/2013 to 4/30/2013, fee:\$290,753.90,
25 expenses: \$60.00.

1
2 (CC: Doc# 4513) Third Interim Application of Bradley Arant
3 Boult Cummings LLP as Special Litigation and Compliance Counsel
4 for the Debtors for Compensation and Reimbursement of Expenses
5 Incurred for the Period from January 1, 2013 through April 30,
6 2013 for Bradley Arant Boult Cummings LLP, Special Counsel,
7 period: 1/1/2013 to 4/30/2013, fee:\$2,416,978.11, expenses:
8 \$144,016.28.

9

10 (CC: Doc no. 4521) Second Interim Application of Pepper
11 Hamilton LLP as Special Foreclosure Review Counsel for
12 Bankruptcy Issues for the Debtors for Compensation and
13 Reimbursement of Expenses Incurred for the Period January 1,
14 2013 Through April 30, 2013 for Pepper Hamilton LLP, Special
15 Counsel.

16

17 (CC: Doc# 4523) Third Interim Application of Rubenstein
18 Associates, Inc. as Corporate Communications Consultant for the
19 Debtors for Compensation and Reimbursement of Expenses Incurred
20 for the Period January 1, 2013 through April 30, 2013 for
21 Rubenstein Associates, Inc., Consultant, period: 1/1/2013 to
22 4/30/2013, fee:\$2,317.50, expenses: \$2,749.75.

23

24 (CC: Doc no. 4526) First Application for Interim Professional
25 Compensation for Ernst & Young LLP, Accountant.

1
2 (CC: Doc# 4527) Third Interim Application of Morrison Cohen LLP
3 for Allowance of Interim Compensation for Professional Services
4 Rendered and Expenses Incurred During the Period January 1,
5 2013 through April 30, 2013 for Morrison Cohen LLP, Other
6 Professional, period: 1/1/2013 to 4/30/2013, fee:\$1,318,943.00,
7 expenses: \$42,792.26.

8
9 (CC: Doc# 4528) Third Interim Application of Centerview
10 Partners LLC as Investment Banker for the Debtors for
11 Compensation and Reimbursement of Expenses Incurred for the
12 Period January 1, 2013 through April 30, 2013 for Centerview
13 Partners LLC, Other Professional, period: 1/1/2013 to
14 4/30/2013, fee:\$1,200,000.00, expenses: \$12,630.14.

15
16 (cc: Doc no. 4529) Third Application for Interim Professional
17 Compensation for Orrick, Herrington & Sutcliffe LLP, Special
18 Counsel

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2 (CC: Doc# 4532) Third Application for Interim Professional
3 Compensation /Third Interim Application of Curtis, Mallet-
4 Prevost, Colt & Mosle LLP, as Conflicts Counsel to the Debtors
5 and Debtors in Possession, for Allowance and Payment of
6 Compensation for Professional Services Rendered and for
7 Reimbursement of Actual and Necessary Expenses Incurred from
8 January 1, 2013 Through and Including April 30, 2013 for
9 Curtis, Mallet-Prevost, Colt & Mosle LLP, Debtor's Attorney,
10 period: 1/1/2013 to 4/30/2013, fee:\$1,480,650, expenses:
11 \$3,085.90.

12
13 (cc: Doc# 4533) First Interim Application of Perkins Coie LLP
14 as Special Insurance Coverage Counsel to the Debtors for
15 Compensation and Reimbursement of Expenses Incurred for the
16 Period March 20, 2013 through April 30, 2013 for Perkins Coie
17 LLP, Special Counsel, period: 3/20/2013 to 4/30/2013,
18 fee:\$441,806.00, expenses: \$795.62.

19
20 (CC: Doc# 4542) Third Interim Application of FTI Consulting,
21 Inc., as Financial Advisor for the Debtors for Compensation and
22 Reimbursement of Expenses Incurred for the Period January 1,
23 2013 through April 30, 2013 for FTI Consulting, Inc., Other
24 Professional, period: 1/1/2013 to 4/30/2013, fee:\$5,501,118.50,
25 expenses: \$227,254.30.

1 (CC: Doc# 4547) Third Application for Interim Professional
2 Compensation for Troutman Sanders LLP, Other Professional,
3 period: 1/1/2013 to 4/30/2013, fee:\$333,753.00, expenses:
4 \$4,115.63.

5

6 (CC: Doc# 4551) Third Interim Application of Morrison &
7 Foerster LLP as Bankruptcy Counsel for the Debtors for
8 Compensation and Reimbursement of Expenses Incurred for the
9 Period January 1, 2013 through April 30, 2013 for Morrison &
10 Foerster LLP, Debtor's Attorney, period: 1/1/2013 to 4/30/2013,
11 fee:\$22,790,342.6, expenses: \$350,910.44.

12

13 (cc: Doc# 4557) Third Application for Interim Professional
14 Compensation for Carpenter Lipps & Leland LLP, Special Counsel,
15 period: 1/1/2013 to 4/30/2013, fee:\$1,659,806.00, expenses:
16 \$977,371.77.

17

18 (CC: Doc# 4558) Third Application for Interim Professional
19 Compensation for Mercer (US) Inc., Other Professional, period:
20 1/1/2013 to 4/30/2013, fee:\$135661.17, expenses: \$14,951.86.

21

22 (CC: Doc# 4534) Second Application for Interim Professional
23 Compensation for Pachulski Stang Ziehl & Jones LLP, Creditor
24 Comm. Aty, period: 1/1/2013 to 4/30/2013, fee:\$349099.50,
25 expenses: \$13706.60.(related document(s)3162)

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2 (CC: Doc# 4537) First Application for Interim Professional
3 Compensation /First Interim Fee Application of Wilmer Cutler
4 Pickering Hale and Dorr LLP, as Special Counsel for Certain
5 Regulatory Matters to the Official Committee of Unsecured
6 Creditors of Residential Capital, LLC, et al. for Interim
7 Allowance of Compensation and for the Reimbursement of Expenses
8 for Services Rendered During the Period From December 12, 2012
9 Through April 30, 2013 for Wilmer Cutler Pickering Hale and
10 Dorr LLP, Creditor Comm. Aty, period: 12/12/2012 to 4/30/2013,
11 fee:\$504,670.50, expenses: \$2,231.33.

12
13 (CC: Doc# 4538) Second Interim Application of SilvermanAcampora
14 LLP, Special Counsel to Official Committee of Unsecured
15 Creditors, for Interim Allowance of Compensation for
16 Professional Services Rendered and for Reimbursement of Actual
17 and Necessary Expenses Incurred from January 1, 2013 through
18 April 30, 2013 for SilvermanAcampora LLP, Special Counsel,
19 period: 1/1/2013 to 4/30/2013, fee:\$315,950.00, expenses:
20 \$1,613.51.

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2 (CC: Doc# 4561) Second Interim Application of Epiq Bankruptcy
3 Solutions, LLC, as Information Agent for the Official Committee
4 of Unsecured Creditors, for Allowance and Payment of
5 Compensation for Professional Services Rendered and for
6 Reimbursement of Actual and Necessary Expenses Incurred From
7 January 1, 2013 Through April 30, 2013 for Epiq Bankruptcy
8 Solutions, LLC, Other Professional, period: 1/1/2013 to
9 4/30/2013, fee:\$39,644.20, expenses: \$15,647.79.

10

11 (CC: Doc# 4563) Third Interim Application of AlixPartners, LLP,
12 Financial Advisor to the Official Committee of Unsecured
13 Creditors, for Compensation and Reimbursement of Expenses for
14 the Period January 1, 2013 Through April 30, 2013 for
15 AlixPartners, LLP, Other Professional, period: 1/1/2013 to
16 4/1/2013, fee:\$4,379,636.25, expenses: \$22,586.38.

17

18 (CC: Doc# 4564) Third Interim Application of Moelis & Company
19 LLC for Compensation for Professional Services Rendered and
20 Reimbursement of Actual and Necessary Expenses Incurred as
21 Investment Banker to the Official Committee of Unsecured
22 Creditors for the Period From January 1, 2013 Through April 30,
23 2013 for Moelis & Company LLC, Other Professional, period:
24 1/1/2013 to 4/1/2013, fee:\$2,100,000.0, expenses: \$15,805.11.

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2 (CC: Doc# 4569) Second Application J F. Morrow, Consultant to
3 the Official Committee of Unsecured Creditors, for Interim
4 Allowance of Compensation for Professional Services Rendered
5 and for Reimbursement of Actual and Necessary Expenses Incurred
6 From January 1, 2013 Through April 30, 2013 for J.F. Morrow,
7 Consultant, period: 1/1/2013 to 4/1/2013, fee:\$107,400.00,
8 expenses: \$0.00.

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10 (CC: Doc# 4570) Second Interim Application of Coherent
11 Economics, LLC as Consultant to the Official Committee of
12 Unsecured Creditors for Compensation and Reimbursement of
13 Expenses Incurred for the Period January 1, 2013 Through April
14 30, 2013 for Coherent Economics LLC, Consultant, period:
15 1/1/2013 to 4/30/2013, fee:\$133,247.00, expenses: \$3,601.98.

16

17 (CC: Doc no. 4571) Second Application of Analytic Focus, LLC,
18 Consultant to the Official Committee of Unsecured Creditors,
19 for Interim Allowance of Compensation for Professional Services
20 Rendered and for Reimbursement of Actual and Necessary Expenses
21 Incurred From January 1, 2013 Through April 30, 2013 for
22 Analytic Focus, LLC, Consultant.

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2 (CC: Doc #4572) Second Interim Application of San Marino
3 Business Partners LLC as Consultant to the Official Committee
4 of Unsecured Creditors for Compensation and Reimbursement of
5 Expenses Incurred for the Period January 1, 2013 Through April
6 30, 2013 for San Marino Business Partners LLC, Consultant.

7

8 (cc: Doc no. 4573) Third Application of Kramer Levin Naftalis &
9 Frankel LLP, Counsel for the Official Committee of Unsecured
10 Creditors, for Interim Allowance of Compensation for
11 Professional Services Rendered and for Reimbursement of Actual
12 and Necessary Expenses Incurred From January 1, 2013 Through
13 April 30, 2013 for Kenneth H. Eckstein, Creditor's Attorney.

14

15 (CC: Doc# 4559) Application for Interim Professional
16 Compensation First Interim Application of Leonard, Street and
17 Deinard Professional Association, Special Minnesota Counsel to
18 the Examiner, for Allowance of Compensation and Reimbursement
19 of Expenses for the Period from April 15, 2013 Through and
20 Including April 30, 2013 for Leonard, Street and Deinard
21 Professional Association, Other Professional, period: 4/15/2013
22 to 4/30/2013, fee:\$88,103.00, expenses: \$2,345.00.

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2 (CC: Doc# 4560) Second Application for Interim Professional
3 Compensation Second Interim Fee Application of Wolf Haldenstein
4 Adler Freeman & Herz LLP, Conflicts Counsel to the Examiner,
5 for Allowance of Compensation and Reimbursement of Expenses for
6 the Period from January 1, 2013 Through and Including April 30,
7 2013 for Wolf Haldenstein Adler Freeman & Herz LLP, Other
8 Professional, period: 1/1/2013 to 4/30/2013, fee:\$77,787.00,
9 expenses: \$1,623.06.

10

11 (CC: Doc# 4562) Third Application for Interim Professional
12 Compensation Third Interim Fee Application of Mesirow Financial
13 Consulting, LLC for Compensation and Reimbursement of Expenses
14 as Financial Advisor to the Examiner for the Period January 1,
15 2013 Through April 30, 2013 for Mesirow Financial Consulting,
16 LLC, Other Professional, period: 1/1/2013 to 4/30/2013,
17 fee:\$23,210,644, expenses: \$299,682.

18

19 (CC: Doc# 4565) Third Application for Interim Professional
20 Compensation Third Interim Fee Application of Chadbourne &
21 Parke LLP, Counsel to the Examiner, for Allowance of
22 Compensation and Reimbursement of Expenses for the Period
23 January 1, 2013 Through and Including April 30, 2013 for
24 Chadbourne & Parke LLP, Other Professional, period: 1/1/2013 to
25 4/30/2013, fee:\$23771407.75, expenses: \$1528915.11.

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2 (CC: Doc# 4566) Third Application for Interim Professional
3 Compensation Third Interim Fee Application of Arthur J.
4 Gonzalez, as Chapter 11 Examiner, for Allowance of Compensation
5 and Reimbursement of Expenses for the Period January 1, 2013
6 Through and Including April 30, 2013 for Arthur J. Gonzalez,
7 Examiner, Other Professional, period: 1/1/2013 to 4/30/2013,
8 fee:\$321,975.00, expenses: \$0.00.

9

10 (CC: Doc# 4147) Adj. Hrg. Re: Motion for Omnibus Objection to
11 Claim(s) /Debtors Thirteenth Omnibus Objection to Claims (No
12 Liability - Books and Records Tax Claims).

13 The hearing as it relates to (i) Rose Plympton, Treasurer in
14 and for the County of Elmore, Idaho, and (ii) the Butte County
15 Tax Collector has been adjourned to October 23, 2013 at 10:00
16 am.

17

18 (CC: Doc# 4151) Adj. Hearing RE: Motion for Omnibus Objection
19 to Claim(s) /Debtors Seventeenth Omnibus Objection to Claims
20 (Misclassified Borrower Claims).

21 The hearing on this matter as it relates to Michelle R.
22 Strickland, Perry Goerner and Anthony Davide will be going
23 forward. The response of James D. Derouin has been withdrawn.

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2 (CC: Doc# 4154) Adj. Hearing RE: Motion for Omnibus Objection
3 to Claim(s) /Debtors Eighteenth Omnibus Objection to Claims
4 (Borrower Claims with Insufficient Documentation).

5 The hearing on this matter as it relates to Brian Edmond Bath
6 and Ailette Cornelius will be going forward.

7

8 (CC: Doc# 4155) Adj. Hearing RE: Motion for Omnibus Objection
9 to Claim(s) /Debtors Nineteenth Omnibus Objection to Claims
10 (Borrower Claims with Insufficient Documentation)

11 The hearing on this matter as it relates to Gary T. Harper and
12 Julie L. Franklin-Harper and Joan Johnson will be going
13 forward. The hearing on this matter as it relates to Julian
14 Ortiz and Frances Soto-Ortiz has been adjourned to September
15 24, 2013.

16

17 (CC: Doc# 4156) Motion for Omnibus Objection to Claim(s)
18 /Debtors Twentieth Omnibus Objection to Claims (Borrower Claims
19 with Insufficient Documentation).

20 Hearing on this matter as it relates to Patricio Sulit, Ariel
21 Barel and Lucious Hughes will be going forward. The hearing on
22 this matter as it relates to Mark Ragonese is adjourned to
23 September 24, 2013.

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2 (CC: Doc# 4158) Adj. Hearing RE: Motion for Omnibus Objection
3 to Claim(s) /Debtors Twenty-First Omnibus Objection to Claims
4 (Borrower Claims with Insufficient Documentation).

5 Hearing on this matter as it relates to Tom Franklin, the
6 Harleston Law Firm and Sonya Anthony Curry will be going
7 forward.

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20 Transcribed by: Penina Wolicki

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8 BY: VINCENT J. MARRIOTT, III, ESQ.
9 SARAH SCHINDLER-WILLIAMS, ESQ.

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13 ALSO PRESENT: (TELEPHONICALLY)
14 ANTHONY L. DAVIDE, Pro Se
15 LAURA J. EISELE, AlixPartners
16 ALAN FRANKEL, Coherent Economics
17 PERRY E. GOERNER, Pro Se
18 LUCIOUS L. HUGHES, Pro Se
19 J.F. MORROW, Pro Se
20 JACOB THOMSON, Towers Watson
21 TODD WUERTZ, Epiq Bankruptcy Solutions, LLC
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RESIDENTIAL CAPITAL, LLC, ET AL.

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1 P R O C E E D I N G S

2 THE COURT: Please be seated. All right, we're here
3 in Residential Capital, number 12-12020. Mr. Marinuzzi

4 MR. MARINUZZI: Good morning, Your Honor. For the
5 record, Lorenzo Marinuzzi, Morrison & Foerster, on behalf of
6 the debtors. Your Honor, if it's okay with the Court, I would
7 ask that we begin the presentation with the interim fee
8 applications?

9 THE COURT: That's fine.

10 MR. MARINUZZI: Thank you, Your Honor. Your Honor,
11 the interim fee applications have been summarized, as well as
12 resolutions to the U.S. Trustee's objection, in a chart that
13 hopefully Your Honor has in front of him. If not, I'll be
14 happy to bring up a copy.

15 THE COURT: Why don't you bring me up a copy.

16 If you're on the phone, you need to put your phone on
17 mute.

18 Thank you.

19 MR. MARINUZZI: Your Honor, we found this useful for
20 the last interim hearing, and hopefully Your Honor will find it
21 useful today as well.

22 Your Honor, there was one objection filed to the
23 interim fee applications, and it was the objection from the
24 United States Trustee's Office. And I'm pleased to report that
25 the objection --

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1 THE COURT: I thought there was a second objection
2 filed as to the -- there was a pro se objection filed as to one
3 of the applications. But go ahead. I mean, there was.

4 MR. MARINUZZI: Okay, Your Honor. I'm sorry. With
5 respect to the Severson firm, and they're here in court.

6 The U.S. Trustee's objection has been resolved, and
7 the resolutions set forth in the chart. Your Honor, we've
8 arranged the chart, as we did the amended agenda, in
9 alphabetical order, broken down by debtor professional,
10 committee professional, and examiner and examiner
11 professionals.

12 THE COURT: Right.

13 MR. MARINUZZI: So if it's okay with the Court, I'd
14 like to just proceed in the order in which they're listed in
15 the chart.

16 THE COURT: Okay.

17 MR. MARINUZZI: All right. Your Honor, the first
18 application is the application from Bradley Arant Boult and
19 (sic) Cummings, requesting fees of \$2,416,978.11 and expenses
20 of \$144,016.28. After discussions with the U.S. Trustee's
21 Office, the agreed-upon fee settlement award is \$2,412,909.93,
22 and the agreed-upon expenses are \$141,270.88.

23 THE COURT: Mr. Masumoto.

24 MR. MASUMOTO: That's correct, Your Honor.

25 THE COURT: I have some questions. And this really is

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1 important to applications going forward. With respect to the
2 Bradley Arant application, I'm going to approve it with the
3 adjustment agreed upon with the U.S. Trustee. The questions I
4 had -- and this is really intended as future guidance that will
5 facilitate my chambers' review of the applications. This
6 primarily relates to expenses.

7 Let me find what I'm looking for here.

8 UNIDENTIFIED SPEAKER: And Your Honor, Bradley Arant
9 is on the line.

10 THE COURT: Yes, okay. Just bear with me a second.

11 (Pause)

12 THE COURT: I thought I had marked something earlier,
13 and I guess I didn't. Just bear with me.

14 (Pause)

15 THE COURT: With respect to the Bradley Arant
16 application, there were meal expenses of almost 7,000 dollars.
17 And the application doesn't state whether the meals comply with
18 what I'll refer to as the 8 p.m. restriction -- whether it's a
19 meal after 8 p.m., and also the twenty-dollar limit.

20 This really applies to everybody. This a recurring
21 issue. In the certification or otherwise, you need to
22 indicate -- if you've included meal expenses, you really need
23 to indicate whether they comply with the Court's guidelines for
24 reimbursement of expenses. It shouldn't just be the
25 responsibility of the U.S. Trustee to have to dig out the

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1 additional information.

2 As I say with respect to -- and here, I mean, the
3 total is a substantial sum. With the reduction that's been
4 agreed upon with the U.S. Trustee, I'm going to go ahead and
5 approve the application. But for everybody going forward, I
6 expect to see on things -- this really goes to travel expenses,
7 meal expenses. It's not enough to just simply list the item
8 when there are limitations or restrictions that the Court
9 imposes on when they'll be reimbursed.

10 So with respect to the Bradley Arant application, I'm
11 going to go ahead and approve the application as adjusted with
12 the agreed amount with the U.S. Trustee.

13 Go ahead, Mr. Marinuzzi.

14 MR. MARINUZZI: Thank you, Your Honor. That brings us
15 to Carpenter Lipps, docket number 4557, requesting fees of
16 \$1,659,806 and expenses of \$977,371.77. After discussions with
17 the United States Trustee's Office, they've reduced the amount
18 of requested fees to \$1,658,311 and expenses -- actually the
19 objection has been withdrawn with respect to the expenses.

20 MR. MASUMOTO: That's correct, Your Honor.

21 THE COURT: All right. Here, again, with respect to
22 the Carpenter Lipps, there's over 2,000 dollars in meal
23 expenses without any indication whether it complies with the
24 Court's restrictions on when meals are reimbursable. You need
25 to supply that information.

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1 MR. MARINUZZI: Your Honor --

2 THE COURT: Let me --

3 MR. MARINUZZI: Sorry.

4 THE COURT: -- there's -- the application included a
5 request for reimbursement of \$885,095.16 for "litigation
6 support vendors", but the invoices that accompanied it include
7 documentation only supporting \$797,752.66. Is there an
8 explanation for that? Mr. Masumoto, were you able to get the
9 detail? You'd objected on this ground.

10 MR. MASUMOTO: My understanding, Your Honor, is that
11 there --

12 THE COURT: Just, you're going to have to go up to
13 the -- I apologize, you can pull a microphone closer, just
14 so -- you can stay over there. That's fine.

15 MR. MASUMOTO: Your Honor, to my knowledge, I thought
16 we did confirm the amounts that were at issue.

17 THE COURT: Okay. Can I get an explanation?

18 MR. BECK: Yes, Your Honor. For the record, David
19 Beck; Carpenter Lipps & Leland, on behalf of the applicant.
20 The difference had to do with a -- we had attached -- based on
21 the U.S. Trustee's previous request, we had attached all of the
22 portion of litigation support vendors that was for contract
23 attorneys. We had an invoice for an expert witness and a very
24 small invoice for local counsel to file, suggested to say that
25 they hadn't previously asked us to file the supporting

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1 documentation. We did provide that when they requested. And
2 we will provide that in the future.

3 THE COURT: Okay. All right. So as understand it,
4 there's a reduction -- you agreed on a reduction of fees of
5 1,495 dollars. Is that correct?

6 MR. BECK: Yes.

7 THE COURT: All right. So the Carpenter Lipps
8 application is approved with the adjustment agreed upon with
9 the U.S. Trustee.

10 MR. BECK: Thank you, Your Honor.

11 THE COURT: Thank you.

12 MR. MARINUZZI: Your Honor, that brings us to
13 Centerview Partners, docket number 4528, requesting fees of
14 \$1,200,000 and expenses of \$12,630.14. There was no objection
15 to the fee. But the agreed -- there's a settlement with
16 respect to the expenses, which are now reduced to \$12,173.

17 THE COURT: Again, on meal expenses, insufficient
18 information is provided to the Court. Don't -- I want the
19 detail. There are limitations on when meals are reimbursable.
20 There's a twenty-dollar per-person limit, and also the hours
21 have to be after 8 p.m. or demonstration that it was a working
22 meeting.

23 Mr. Masumoto?

24 MR. MASUMOTO: That's correct. Your Honor. We did
25 have an adjustment with respect to the expenses. I believe we

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1 tried to make sure that the twenty-dollar limit had been
2 imposed.

3 THE COURT: All right. And there also -- with
4 respect, there was over 2,000 dollar in transportation
5 expenses.

6 MR. MASUMOTO: I --

7 THE COURT: Go ahead, Mr. Masumoto.

8 MR. MASUMOTO: I believe that with respect to
9 transportation, included in the adjustment, there was a
10 withdrawal of certain expenses for taxi; and I believe from the
11 additional documentations, all of the adjustments are embodied
12 in the chart.

13 THE COURT: All right. I'm going to approve it with
14 the adjustment agreed upon with the U.S. Trustee.

15 Thank you, Mr. Masumoto. Go ahead, Mr. Marinuzzi.

16 MR. MARINUZZI: Thank you, Your Honor. That brings us
17 to Curtis Mallet, requesting fees of \$1,480,650 and expenses of
18 \$3,085.90. That's docket number 4532. They've agreed to
19 reduce the amount of their fees to \$1,474,121.50. No objection
20 with respect to the expenses.

21 MR. MASUMOTO: That's correct, Your Honor. We did
22 have discussions with them regarding various vague time
23 entries. They provided some additional backup. And based on
24 the backup, we agreed upon the settled amount.

25 THE COURT: All right. You were satisfied, Mr.

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1 Masumoto --

2 MR. MASUMOTO: Yes.

3 THE COURT: -- with respect -- because there were
4 vague time entries.

5 MR. MASUMOTO: That's correct, Your Honor. Based upon
6 their responses, we reached an agreement.

7 THE COURT: All right. That's the reduction of
8 \$6,528.50. Is that correct?

9 MR. MASUMOTO: That's correct, Your Honor.

10 THE COURT: All right. All right. I'll approve it
11 with the adjustment.

12 MR. MARINUZZI: Thank you, Your Honor. That brings us
13 to Deloitte & Touche requesting total fees of \$2,984,455.50.
14 No requested expenses. They've agreed to reduce the amount of
15 their fees to \$2,978,657.

16 MR. MASUMOTO: Your Honor, based upon a --

17 THE COURT: Hang on just a second. If you're on the
18 phone, you need to put your phone on mute. Somebody is
19 rustling papers against the phone. Or you're going to get cut
20 off.

21 Go ahead.

22 MR. MASUMOTO: Your Honor, based upon their responses
23 to our objections, particularly with respect to the fee app
24 procedure -- the fee application review and time entry
25 reductions as well as with respect to transitory timekeepers,

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1 we agreed upon the settled reduction amount.

2 THE COURT: All right. I'm going to go ahead and
3 approve it with the reduction agreed upon with the U.S.
4 Trustee.

5 MR. MARINUZZI: Thank you, Your Honor. That brings us
6 to Dorsey & Whitney, docket number 4420, requesting fees of
7 \$88,902.90 and expenses of \$288. There was no objection to
8 this application.

9 THE COURT: All right. The --

10 Okay. This is the last warning. You're on the phone,
11 you're rustling papers. You're going to be cut off. Is the
12 CourtCall operator on the line?

13 OPERATOR: How do you do?

14 THE COURT: Okay. There is somebody who keeps
15 rustling their papers against the phone. I don't know who it
16 is. The next time it happens, I will tell you -- can you
17 identify who it is?

18 OPERATOR: I've muted the lines.

19 THE COURT: Okay, thank you.

20 OPERATOR: Thank you.

21 THE COURT: All right. The Dorsey application
22 included \$1,101.60 to respond to and attend a hearing regarding
23 the UST's objection to their prior fee application.
24 Additionally, Dorsey charged \$6,696 to draft its fee
25 application, which is seven and a half percent of the total

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1 requested. Is anybody from Dorsey present or on the phone?

2 MR. MARINUZZI: Yes, Your Honor. Ms. Mikhailevich is
3 in the court today.

4 THE COURT: I'd like you to address those specific
5 issues. I don't permit reimbursement for defending objections
6 to a fee application. And I also generally limit how much can
7 be reimbursed for preparation of fee applications. But do you
8 want to go ahead and address that?

9 MS. MIKHAILEVICH: Good morning, Your Honor. Jessica
10 Mikhailevich on behalf of Dorsey & Whitney. I'm happy to have
11 those removed pursuant to the Court's instructions and
12 guidelines.

13 THE COURT: All right. I'm going to reduce -- approve
14 the Dorsey application and reduce it by 3,300 dollars. And
15 those adjustments are for responding to the prior objection and
16 for an amount in excess of what I believe is reasonable
17 compensation for preparation of fee applications.

18 As I've written in several cases before, the -- while
19 expense for preparing fee applications is compensable, the
20 general limits that I approve is in the range of three to five
21 percent, while that's not a hard and fixed number, looking at
22 the specific circumstances. So that'll be the -- I'll approve
23 it with that reduction. All right.

24 MS. MIKHAILEVICH: Understood. Thank you, Your Honor.

25 THE COURT: Thank you.

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1 MR. MARINUZZI: Your Honor, that brings us to page 2
2 of the chart, Ernst & Young, docket number 4526, requesting
3 fees of \$98,380 and expenses of \$229.41. There was no
4 objection to this application.

5 THE COURT: All right. It's approved.

6 MR. MARINUZZI: Thank you, Your Honor. That brings us
7 to FTI Consulting, docket number 4542, requesting fees of
8 \$5,501,118.50 plus a rollover amount of \$1,614,064.75 and
9 expenses of \$227,254.30. The U.S. Trustee filed an objection
10 to this application, and it's been resolved by a reduction in
11 both fees with respect to the rollover amount and expenses.
12 And the agreed-upon fee amount remains at \$5,501,118.50, but
13 the rollover amount is reduced to \$1,581,398.75. And the
14 expenses are reduced to \$199,687.47.

15 THE COURT: Mr. Masumoto, do you want address this?
16 This is obviously a very substantial --

17 MR. MASUMOTO: Your Honor, that's correct.

18 THE COURT: -- application.

19 MR. MASUMOTO: Your Honor, the amounts are correct. I
20 guess they're somewhat obscured by the rollover characteristic.
21 But we did reach agreement on reduction in transitory
22 timekeeper time, fee application preparation. With respect to
23 redacted time entries, the unredacted time was provided and
24 reviewed by the U.S. Trustee. A duplicate expense amount was
25 reduced. And the travel expenses for the prior period

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1 documentation was provided, along with the corresponding time
2 entries, and we did verify them. Nevertheless, FTI took a
3 modest reduction with respect to those expenses.

4 Finally, there was a significant reduction with
5 respect to the travel time for professionals traveling to New
6 York.

7 THE COURT: Okay. All right. It's approved with the
8 reduction with the U.S. Trustee.

9 MR. MARINUZZI: Your Honor, I realize I misspoke when
10 this hearing started. There's still a pending objection to
11 Hudson Cook's application.

12 THE COURT: Yes, that's being adjourned.

13 MR. MARINUZZI: It's being adjourned.

14 THE COURT: Yes, I understand that.

15 MR. MARINUZZI: Which brings us to KPMG, requesting
16 fees of -- and it's docket number 4512 -- requesting fees of
17 \$290,753.90 and expenses of \$60. There was no objection to
18 this application.

19 THE COURT: Yes, and I've reviewed it. It's approved.

20 MR. MARINUZZI: Next is Locke Lord, docket number
21 4507, requesting fees of \$259,725.40 and expenses of \$2,788.67.
22 There was no objection to this application.

23 THE COURT: All right, it's approved.

24 MR. MARINUZZI: Next is Mercer, Inc., docket number
25 4558, requesting fees of \$135,661.17 and expenses of

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1 \$14,951.86. They have agreed, after discussions with the U.S.
2 Trustee's Office, to reduce the fees to \$134,933.22 and
3 expenses to \$14,943.63.

4 MR. MASUMOTO: That's correct, Your Honor.

5 THE COURT: All right, it's approved.

6 MR. MARINUZZI: Next is Morrison Cohen, docket number
7 4527, requesting fees of \$1,318,943 and expenses of \$42,792.26.
8 In consultation with the U.S. Trustee's and in order to resolve
9 the U.S. Trustee's objection, they've resolved the -- I'm
10 sorry, reduced the requested fees to \$1,303,943 and the
11 objections remain the same as the objection was -- the fees
12 remain the same -- I'm sorry -- the expenses remain the same as
13 the objection's been withdrawn.

14 THE COURT: Is someone from Morrison Cohen here?

15 MR. MOLDOVAN: Yes, Your Honor.

16 THE COURT: Could you come on up?

17 Okay, whoever's on the phone, and you're rustling
18 papers against the phone, you're going to be cut off. You
19 don't seem to be listening.

20 Is the CourtCall operator on the line?

21 OPERATOR: I'm here, sir.

22 THE COURT: Do you know whose phone that is?

23 OPERATOR: Yes, I just muted their line.

24 THE COURT: Okay.

25 MR. MOLDOVAN: Joe Moldovan, Your Honor, with Morrison

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1 Cohen.

2 THE COURT: Okay. The question I have is, you have a
3 very substantial bill. The U.S. Trustee initially filed an
4 objection. There were numerous board meetings where more than
5 two attorneys attended. I need to know why that was
6 appropriate. And I know what -- you've agreed on a reduction
7 with the U.S. Trustee of 15,000 dollars, which frankly, seems
8 to be resolving it much too cheaply.

9 MR. MOLDOVAN: Your Honor, the total number of -- the
10 total amount of actual fees that related to any kind of meeting
11 or preparation session involving more than two attorneys was
12 190-some-odd thousand dollars. The total number of actual --
13 and those included, Your Honor, mediation preparation sessions,
14 deposition preparation sessions, the sessions relating to the
15 RMBS litigation, the sessions relating to the examiner. So you
16 had multiple Morrison Cohen attorneys. When I say multiple,
17 you had between two and four attorneys.

18 At board meetings, you had attorneys who specialize in
19 corporate governance or bankruptcy or litigation. And at some
20 times you had all three. When you eliminate the number of
21 meetings where there were, I believe it was, three attorneys
22 present, you come to 19,000 dollars. That is the actual amount
23 of true dollars from the application relating to any kind of a
24 meeting where more than three attorneys were present. Of the
25 19,000 dollars, in order to accommodate the U.S. Trustee, we

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1 agreed to take a 15,000-dollar discount off of that.

2 The problem is, Your Honor, that when the U.S. Trustee
3 filed its initial application, it certainly appeared that the
4 objection was based upon, I would imagine, much more than there
5 actually was. As I said, approximately 190,000 dollars
6 represents the total of all meetings where parties were
7 present. And we went over that with the U.S. Trustee and
8 provided the U.S. Trustee with detail with respect to that.
9 When you then reduce that amount by the number of meetings
10 where there were three attorneys present, you come to 19,000
11 dollars.

12 And as to the three attorneys, Your Honor, I
13 probably -- I personally probably was at most meetings. It's
14 important, of course, to recognize that the bulk of the
15 examiner's report and the bulk of the RMBS litigation concerned
16 the approval process by the independent directors of the RMBS
17 settlement. The bulk of the mediation related to the
18 resolution of the various claims that might be asserted against
19 Ally, the directors, and the directors themselves.

20 Morrison Cohen, unlike virtually every other
21 participant -- professional participant in this case, has
22 represented this board since 2009. Morrison Cohen was involved
23 in virtually all of the transactions that were at issue in the
24 mediation, in the RMBS settlement. So you had corporate
25 attorneys who needed to be present both in order to provide

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1 guidance on the corporate governance side and to provide detail
2 and information, both factual and legal, to the directors, with
3 respect to what had happened during the various meetings where
4 we represented those directors. That's the basis for having,
5 at times two attorneys, and at times having four.

6 There was never an attorney present, Your Honor, who
7 overlapped with another attorney in terms of area of
8 competence. You would have a tax attorney, perhaps a
9 litigator, a corporate governance attorney, and typically I
10 would be there as well as the restructuring counsel.

11 THE COURT: Mr. Masumoto?

12 MR. MASUMOTO: Your Honor, based on our discussions
13 and the documents provided, we did agree to the 15,000. We
14 thought that was appropriate under the circumstances.

15 THE COURT: And let me ask, without going into all the
16 details of your discussions, I was concerned about this because
17 of the number of attorneys that would attend meetings. Is the
18 U.S. Trustee satisfied that the agreed-upon adjustment
19 appropriately reflects a view as to whether the matter was --
20 and the events in the matter were properly staffed?

21 MR. MASUMOTO: Yes, Your Honor. And we also did
22 indicate that going forward that the -- that Your Honor's
23 ruling in a number of cases regarding attendance at meetings,
24 would be strictly enforced.

25 MR. MOLDOVAN: And --

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1 MR. MASUMOTO: And that we would --

2 THE COURT: Pause.

3 MR. MASUMOTO: -- we would want that -- as a general
4 matter, Your Honor, one thing I did want to say as to everyone
5 was that when -- as Your Honor indicated, Your Honor addressed
6 the issues that we were concerned about -- when they certify,
7 they should be certifying not only the guidelines, but Your
8 Honor's ruling in other cases which our office seeks to apply
9 to all of the fee applications.

10 So with -- although the guidelines do not specifically
11 address number of attendees, we have attempted to employ Your
12 Honor's ruling on that matter to all the applicants. And we
13 ask that the applicants, when they certify, that they're also
14 certifying that they're complying with the Court's rulings with
15 respect to attendance at hearings as well as meetings.

16 In addition, if I may, because it did, in fact --
17 although we didn't have an actual reduction here with respect
18 to meals -- we tried to advise the applicants that just what
19 Your Honor had indicated. They must comply with the
20 guidelines, indicating the 8 o'clock rule before and after, the
21 one-and-a-half hour requirement, if it's before 8 o'clock, and
22 it must be reflected.

23 Additionally, since it's a practice amongst some of
24 the professionals to have a single timekeeper request multiple
25 reimbursements --

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1 THE COURT: They've got to put the people down.

2 MR. MASUMOTO: -- they have to identify those
3 individuals and also confirm that these individuals actually
4 are entitled, that they're complying with the guidelines.

5 THE COURT: Thank you, Mr. Masumoto.

6 MR. MASUMOTO: Thank you.

7 THE COURT: All right. I'm going to go -- with that
8 explanation from Morrison Cohen and Mr. Masumoto's response,
9 I'm going to go ahead and approve the applications.

10 MR. MOLDOVAN: Thank you, Your Honor.

11 THE COURT: Thank you.

12 MR. MARINUZZI: Your Honor, that brings us to Morrison
13 & Foerster, docket number 4551 requesting total fees of
14 \$22,790,342.60, and expenses of \$350,910.44. After discussions
15 with the United States Trustee's Office, Morrison & Foerster
16 has reduced the total fee request to \$22,750,816.10, and the
17 expenses remain as requested.

18 MR. MASUMOTO: Your Honor, that's correct. Based upon
19 the responses and our discussions, I believe we did reach an
20 accommodation on the various objections raised.

21 THE COURT: So one of the -- Mr. Marinuzzi, among the
22 questions I have -- this has come up before -- and I understand
23 that necessarily you have a lot of attorneys working on the
24 matter, but there were quite a few entries for air fare from
25 D.C. to New York. I assume it's because you had lawyers from

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1 the D.C. office working on the matter.

2 MR. MARINUZZI: That's correct. Our regulatory
3 practice is based in Washington, D.C. So with respect to the
4 discussions with the Fed, strategizing with respect to the
5 consent order, it's advice that's based in Washington.

6 THE COURT: And I want to be consistent with what I've
7 done in the past, which is namely, if for convenience you are
8 staffing the matter which is in the court in New York with
9 lawyers from other offices, be it California or Washington, I
10 consider their travel expenses, hotel and air fare, to
11 appropriately be considered as part of overhead, and not
12 appropriately charged to the estate.

13 There were some other expense entries that raised
14 questions in my mind. Again, it relates to, for example, a New
15 York hotel. This issue has come up before.

16 MR. MARINUZZI: Correct, Your Honor. We have not --
17 it came up with respect to, in particular, Darryl Rains, who --

18 THE COURT: It did.

19 MR. MARINUZZI: -- was heavily involved in the RMBS
20 settlement, and he was --

21 THE COURT: Right.

22 MR. MARINUZZI: -- flying in on a regular basis,
23 weekly. We're not charging the estate for any time spent by
24 Darryl traveling to New York and staying in New York hotels.
25 To the extent an issue arises and it's an isolated instance

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1 where an attorney is required to travel into New York for a
2 meeting -- and sometimes people have to travel to Minneapolis,
3 because that's where --

4 THE COURT: I understand the Minne -- we don't have to
5 go into the --

6 MR. MARINUZZI: Right, okay.

7 THE COURT: -- Minneapolis. I understand the issues
8 about Minneapolis. Okay? So I'm focusing on travel to New
9 York, hotels in New York.

10 MR. MARINUZZI: Understood. And we wrote off a lot of
11 hotel charges, especially with respect to attorneys that made
12 regular appearances during the application period into New
13 York.

14 We did not write off all hotel charges for isolated
15 instances where there was a meeting that required somebody from
16 D.C. to come up and stay in New York or a hearing. To the
17 extent the Court is going to rule that we're not permitted to
18 charge the estate for those charges, we'll write them off.

19 THE COURT: Okay. Mr. Masumoto?

20 MR. MASUMOTO: Your Honor, this issue obviously came
21 up with other applicants. Unfortunately, we're not able to
22 catch every one. We tried to reach accommodations after
23 discussions determining whether or not, as Your Honor
24 indicated, the travel was for the convenience of the firm, and
25 we reached appropriate resolutions, I thought, in those cases.

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1 I'll defer to the Court on --

2 THE COURT: Well, here's what -- I don't know what --
3 the chart shows, Mr. Marinuzzi, an adjustment of slightly less
4 than 40,000 dollars in fees and I guess none in expenses,
5 right?

6 MR. MARINUZZI: That's correct.

7 THE COURT: Okay.

8 MR. MARINUZZI: That's correct, Your Honor. There was
9 no objection to the expenses.

10 THE COURT: Right. Well, there is from me.

11 MR. MARINUZZI: There is -- that's a fair point, Your
12 Honor.

13 THE COURT: And I try to be consistent from one period
14 to the next. I thought I had made it clear that where you're
15 staffing the matter with lawyers from other offices, whether
16 it's Washington or California, you -- expenses: air fare,
17 hotel, meals, other than after 8 -- meals after 8 p.m., as
18 would apply to anybody else, is, as far as I'm concerned, part
19 of overhead.

20 And I want you to go back -- and I don't know whether
21 I've caught all of them. I have a list of them. I don't --
22 actually in the memo I have, I don't have the dates and stuff.
23 But I would like you to go back and make a further reduction on
24 the expenses for the travel expenses --

25 MR. MARINUZZI: To New York.

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1 THE COURT: -- to New York. I understand the
2 Minneapolis under the issues --

3 MR. MARINUZZI: That's fine, Your Honor. We'll do
4 that. And we've categorized in summary sheets for each of the
5 months, the total expenses relating to hotel and air fare, so
6 it shouldn't be too hard to do. But we'll do that.

7 THE COURT: Let me just see whether I had any other
8 issues. I mean, it's an appropriately large -- when I say
9 "appropriate", I fully understand the size of the application.
10 It was an enormous amount of work that went into the matter. I
11 consider these things nits, but nevertheless, I try to be
12 consistent with all counsel throughout the case.

13 Let me just go back over my notes and see whether I
14 have some other items.

15 (Pause)

16 THE COURT: Mr. Masumoto, do you have any other --

17 MR. MASUMOTO: Not at this time, Your Honor.
18 Although, Your Honor, I did want to ask, perhaps, for Your
19 Honor's direction. With respect to meals, one of the --
20 unfortunately, given the large size of these applications, our
21 office had to actually -- requested assistance of other
22 attorneys in the program. And sometimes we may not have had
23 complete uniformity in terms of our approach. But with respect
24 to meals, I personally have been applying a rule where if an
25 applicant is not billing more than -- is billing less than four

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1 hours a day, it raises a question as to whether or not a meal
2 is appropriate.

3 I'm not sure if that cutoff is -- other judges have
4 used different cutoffs --

5 THE COURT: I think that's appropriate, Mr. Masumoto.

6 MR. MASUMOTO: And that's fine, Your Honor. And I
7 would like to make sure that all of the applicants take that
8 into account, again, when they certify.

9 Unfortunately, there's no way for us to check every
10 meal expense, but we do expect the applicants --

11 THE COURT: Nor is it possible for me to check every
12 meal expense, but I appreciate your efforts, and I really have
13 to rely on counsel in doing this. I don't like to have to go
14 through and find these items.

15 In the context of the overall fee application, Mr.
16 Marinuzzi, these amounts are very small. And I don't -- I
17 always try to be careful where there's been an agreed
18 reduction, not to penalize people for it. Since there was no
19 reduction in expenses, this was pretty clear to me. Okay?

20 MR. MARINUZZI: I don't consider it penalizing, Your
21 Honor.

22 THE COURT: All right. Go ahead. Just review the
23 further reductions with Mr. Masumoto, and I'll approve the
24 application with the agreed reduction, with a further reduction
25 in expenses to take care of the items that I've identified.

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1 Okay?

2 MR. MARINUZZI: Thank you, Your Honor.

3 MR. MASUMOTO: Thank you, Your Honor.

4 THE COURT: Thank you.

5 MR. MARINUZZI: That brings us to Orrick, Herrington &
6 Sutcliffe, docket number 4869, requesting fees of
7 \$241,619.73 --

8 THE COURT: With the agreed reduction, it's approved.

9 The agreed reduction --

10 MR. MARINUZZI: Thank you.

11 THE COURT: -- as I understand it, is \$794.37?

12 MR. MARINUZZI: That's correct?

13 THE COURT: Okay.

14 MR. MARINUZZI: Next, Your Honor, is Pepper Hamilton,
15 requesting fees of \$1,919,909.50 and expenses of \$24,752.12.
16 The U.S. Trustee filed an objection, and the agreed-upon
17 reduction in fees brings it down to \$1,909,909.50 and the
18 expenses actually --

19 THE COURT: Well, that's -- I do have a question on
20 this. Because according to the chart and my notes, there was
21 no adjustment for expenses. It's the same issue. Pepper
22 Hamilton staffed the matter with lawyers from offices outside
23 of New York and charged -- there was over 5,000 dollars in
24 travel expenses from the West Coast and Philadelphia to New
25 York. And I won't reimburse for it. It's as simple as that.

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1 MR. MARINUZZI: Your Honor, I don't know if anybody
2 from Pepper Hamilton is here.

3 THE COURT: Is anybody from Pepper Hamilton present
4 either in court or --

5 MS. KOVSKY-APAP: Yes, Your Honor. This is Deborah
6 Kovsky-Apap on the phone.

7 THE COURT: Okay, could you --

8 MS. KOVSKY-APAP: If I may address that. Your Honor,
9 as you're aware, Pepper Hamilton is not really bankruptcy
10 counsel in these Chapter 11 cases. We were working as
11 independent legal consultants with the Fed on the independent
12 foreclosure review, which -- work that started prior to the
13 bankruptcy. And that was when we staffed the case, before we
14 knew that there would be a bankruptcy.

15 We were not traveling into New York, but rather into
16 Fort Washington, Pennsylvania, where we were in meetings with
17 the debtors, with the Fed, with the independent consultant.
18 The vast majority of the lawyers that were staffed on the case
19 either worked entirely remotely or it was staffed out of our
20 Philadelphia office, which is closest to Fort Washington.

21 But the person who started this project, Gary Apfel,
22 who started it before he even came to Pepper, and had done
23 substantial work laying the groundwork for a very complicated
24 process, he happened to be in LA. He's a person that the
25 debtors chose long before there was even a bankruptcy on the

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1 horizon. And to have lost his institutional knowledge and the
2 work that he had already done, would have constituted a pretty
3 big expense to the estate.

4 We believe under the unique circumstances of the
5 situation, we think that the limited travel that we did do on
6 this matter, is appropriate.

7 THE COURT: All right, Mr. Masumoto?

8 MR. MASUMOTO: Your Honor, that is correct. We had
9 that discussion, in fact. Counsel reminded me when we filed
10 this objection that we had raised it on the last objection and
11 did -- as well as this time. But based upon the explanation,
12 we thought that this created a special circumstance.

13 But in that regard, Your Honor, I did want to ask, I
14 think that Pepper Hamilton had a unique role in this case. But
15 we sometimes have bankruptcy professionals who are sometimes
16 retained by a debtor prior to the filing. And part of the
17 issue regarding Your Honor's direction regarding this out-of-
18 town travel, is that prior to bankruptcy, sometimes there are
19 personnel from the professionals who are ultimately retained
20 post-petition who have been working with the debtor and been
21 traveling from other cities.

22 So once the bankruptcy files, there's an issue as to
23 whether or not we should penalize the estate by saying that
24 these professionals which have been used pre-petition would now
25 have to forego the cost of traveling into New York. And

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1 frankly, some of our settlements reflected the uncertainty as
2 to how Your Honor would rule on it.

3 If Your Honor would want to indicate that
4 notwithstanding any pre-petition relationship and/or travel,
5 that once the bankruptcy files that out-of-town professionals
6 would have to absorb as overhead their travel time, that would
7 make it clear as to how to apply it.

8 THE COURT: Let me deal with Pepper Hamilton first.
9 And I'm satisfied with the explanation that's been provided.
10 The independent foreclosure review, which has fortunately come
11 to an end, does create unique circumstances. So I'm satisfied
12 with the explanation that counsel for Pepper Hamilton has
13 given. So I'm going to go ahead with -- there is an agreed
14 reduction of 10,000 dollars in the fees. I'm going to go ahead
15 and approve the application with that in mind.

16 With the broader issue that you raise, Mr. Masumoto, I
17 think I'd like to deal with it in a specific -- with a specific
18 case. I'm not prepared to give more general guidance. I need
19 to think about it. I want to think about that some more. If
20 you raise -- don't hesitate to raise an objection. If you work
21 it out, that's one thing. If you don't, I'll deal with it.
22 Okay?

23 MR. MASUMOTO: Very well, Your Honor. Thank you very
24 much.

25 THE COURT: Thank you. All right.

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1 MS. KOVSKY-APAP: Thank you, Your Honor.

2 THE COURT: Thank you.

3 MR. MARINUZZI: Your Honor, that brings us to Perkins
4 Coie, docket number 4533, requesting fees of \$441,806 and
5 expenses of \$795.62.

6 THE COURT: All right, as I understand it, there's an
7 agreed reduction of \$18,377.75 on fees. Is that correct?

8 MR. MARINUZZI: That's correct, Your Honor.

9 THE COURT: All right. With that, it's approved.

10 MR. MARINUZZI: Next, Your Honor is Rubenstein
11 Associates, docket number 4523, requesting fees of \$2,317.50
12 and --

13 THE COURT: Approved.

14 MR. MARINUZZI: Thank you. Next, Your Honor, is
15 Severson & Werson, requesting fees of \$513,800 -- I'm sorry --
16 \$513,814.80 and expenses of \$44,994.41. They have agreed to
17 satisfy the U.S. Trustee's objection by reducing their fee
18 request to \$508,948 and reduce their expenses to \$44,973.

19 THE COURT: All right. Is Erlinda Abibas Aniel
20 present in court or on the telephone? She's a pro se who filed
21 an objection to the Severson application.

22 All right. The Aniel objection is overruled. The
23 Severson & Werson application is approved with the reduction
24 agreed upon with the U.S. Trustee.

25 MR. MARINUZZI: Thank you, Your Honor. That brings us

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1 to Towers Watson, docket number 4455. There was no objection
2 to this application.

3 THE COURT: It's approved.

4 MR. MARINUZZI: And finally, on behalf of the debtors,
5 Troutman Sanders, requesting total fees of \$333,753, expenses
6 of \$4,115.63. There was no objection to this application.

7 THE COURT: Is anybody from Troutman Sanders present?

8 MR. MANNING: Yes, Your Honor. Jason Manning from
9 Troutman Sanders.

10 THE COURT: All right. And I understand that the --
11 there's an agreed reduction of 949 dollars in fees. My concern
12 was, there were multiple invoices that described the attorney
13 work as "develop discovery strategies", without indicating
14 further what that was about. And there was at least one
15 invoice that had potentially duplicative fee entries for
16 "develop hearing strategy". And that same entry was entered on
17 consecutive days, and each entry for exactly 2.1 hours. That
18 was on invoice number 1482875. And there were multiple
19 invoices for work billed -- performed in January on matters in
20 Georgia for "updating case law regarding laches defense". And
21 there were at least three invoices with that same entry.

22 Let me ask Mr. Masumoto. I mean, I was -- I wasn't
23 satisfied when I reviewed this application. I was surprised
24 that the reduction was only 949 dollars.

25 MR. MASUMOTO: Actually, Your Honor, that reduction

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1 reflected a voluntary reduction pursuant -- dealing with the
2 transitory time keepers. Unfortunately, our review did not
3 uncover the deficiencies Your Honor noted.

4 THE COURT: I hate to burden you and your office, Mr.
5 Masumoto, but let me give you a list of -- can I give you a
6 list of invoice numbers?

7 MR. MASUMOTO: Sure.

8 THE COURT: I'm going to reserve decision with respect
9 to the Troutman Sanders application. I would ask for you to
10 review and discuss with Troutman Sanders these specific items.
11 As I say, there were multiple invoices for "develop discovery
12 strategies". I can only give you one invoice number on this:
13 1476172. There was one invoice that listed potentially
14 duplicative entries for "develop hearing strategy". That's
15 invoice 1482875. There were these multiple invoices for
16 "updating case law regarding laches defense". Those are
17 invoices 1482890, 1482895, 1482897. There are two invoices
18 that list expenses for "associate counsel fees and expenses",
19 and provide the law firm vendor, but neither invoice describes
20 the services provided by the law firm. Those are invoices
21 1477270 and 1483026. There's one invoice that appears to list
22 charges that should have been moved to another matter. It's
23 1488969.

24 So I'm not satisfied with respect to Troutman Sanders.
25 I don't want to have to hold an evidentiary hearing to sort all

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1 this out. So I would request, Mr. Masumoto, that you or
2 someone in your office seek to resolve these issues. If you're
3 able to reach a resolution, submit a consent form of order
4 approving their application.

5 MR. MASUMOTO: Very well, Your Honor.

6 THE COURT: If not, I'll have to schedule another
7 hearing. Okay?

8 MR. MASUMOTO: Very well, Your Honor.

9 THE COURT: Thank you very much.

10 MR. MARINUZZI: Thank you, Your Honor.

11 That brings us to the professionals for the official
12 committee of unsecured creditors --

13 THE COURT: Okay.

14 MR. MARINUZZI: -- and I'll let Ms. Ringer present on
15 those applications.

16 MS. RINGER: Good morning, Your Honor. Rachael Ringer
17 from Kramer Levin.

18 THE COURT: Good morning.

19 MS. RINGER: I am also pleased to inform the Court
20 that all of the committee -- or all of the U.S. Trustee's
21 objections to the committee professionals' fee applications
22 were resolved. If Your Honor would like, I can walk through
23 each one. To the extent you have specific questions,
24 representatives from each professional are either on the phone
25 or here in the courtroom.

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1 THE COURT: Why don't you start. Go ahead with
2 AlixPartners first and describe it.

3 MS. RINGER: Sure. The first is AlixPartners, docket
4 number 4563. They requested fees in the amount of
5 \$4,379,636.25 and expenses in the amount of \$22,586.38. After
6 discussions with the U.S. Trustee, they agreed to reduce their
7 fees to \$4,356,992.10 and their expenses remain the same.

8 THE COURT: Mr. Masumoto?

9 MR. MASUMOTO: That's correct, Your Honor. I believe
10 the response -- the omnibus response reflects the breakdown
11 with respect to the reductions.

12 THE COURT: All right. It's approved.

13 MS. RINGER: The next is Analytic Focus, docket number
14 4571, requesting fees in the amount of \$14,135 and expenses in
15 the amount of \$138.93.

16 THE COURT: All right, it's approved.

17 MS. RINGER: The next is Coherent Economics, docket
18 number 4570, requesting fees in the amount of \$133,247 and
19 expenses in the amount \$3,601.98.

20 THE COURT: Okay. The time -- and there was no
21 objection from the U.S. Trustee.

22 MR. MASUMOTO: That's correct.

23 THE COURT: The time expenses appear appropriate. But
24 with respect to expenses, I do have questions.

25 MS. RINGER: Your Honor, I believe Alan Frankel should

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1 be on the phone for Coherent.

2 THE COURT: Mr. Frankel, are you on the phone? Mr.
3 Frankel?

4 MR. FRANKEL: Yes.

5 THE COURT: Okay. So there are -- invoice 224 lists
6 air fare charges from Chicago to New York and Boston -- and
7 Boston to New York; Chicago to New York and Boston to New York.
8 890 -- the entry specifically -- \$891.80, \$673.90, \$839.40.
9 The invoice shows that the \$891.80 was for first class and
10 business class seats. That's according to the receipt Coherent
11 submitted. The second, \$673.90, is a charge for a one-way
12 ticket, which may also have been first or business class. The
13 third, \$839.40 for Boston to New York, that appears to be too
14 high for coach for a round trip New York to Boston. You listed
15 the air fare as coach in the invoice, but the backup, as I
16 said, on some of them, indicates first class. Can you explain?

17 MR. FRANKEL: Yes, Your Honor. I will check into the
18 Boston air fare. Our practice has been to charge the coach air
19 fare and pay ourselves for upgrades, or if there was a lower
20 first-class air fare than the coach air fares we took those.

21 THE COURT: You should only be so lucky.

22 MR. FRANKEL: Well, that actually has occurred often
23 on United Airlines for alternative times.

24 THE COURT: All right. Mr. Masumoto, I'd just like
25 to -- and I don't want to overburden your office, but these did

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1 catch our eye and --

2 MR. MASUMOTO: We will review.

3 THE COURT: -- again with respect to Coherent, I
4 didn't have a problem on the fees. On the expenses, see if you
5 can satisfactorily resolve the issue. If they're correct that
6 these were all coach fare or first-class that was below the
7 coach fare, they can go ahead and submit it. If you can't
8 resolve the issue, then it'll have to come back to me. Okay?

9 MR. MASUMOTO: Very well, Your Honor.

10 THE COURT: Thank you very much.

11 Go ahead, Ms. Ringer.

12 MS. RINGER: Next is Epiq Bankruptcy Solutions, docket
13 number 4561, requesting fees in the amount of \$39,644.20 and
14 expenses in the amount of \$15,647.79. After discussions with
15 the U.S. Trustee, they agreed to reduce their fees to
16 \$28,358.21 and expenses remain the same.

17 THE COURT: Mr. Masumoto?

18 MR. MASUMOTO: That's correct, Your Honor.

19 THE COURT: All right, it's approved.

20 MS. RINGER: Next is Mr. J.F. Morrow, docket number
21 4569, requesting fees in the amount of 107,400 dollars, and no
22 expenses.

23 THE COURT: Approved.

24 MS. RINGER: Next is Kramer Levin, docket number 4573,
25 requesting fees in the amount of \$15,197,547 and expenses in

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1 the amount of \$806,168.59. After discussing with the U.S.
2 Trustee, Kramer Levin agreed to reduce its fees to
3 \$15,154,566.50, and its expenses to \$802,679.24.

4 THE COURT: I had a couple of questions. January
5 25th, 2013, there's a \$12,477.68 charge for a conference call?

6 MS. RINGER: Your Honor, it's possible. Sometimes all
7 of the conference calls are aggregated --

8 THE COURT: And -- let me -- and on March 25th, 2013,
9 there's a \$25,556.02 charge for a conference call? Not plural,
10 single -- singular.

11 MS. RINGER: Your Honor, what often happens is if
12 there are multiple conference calls on a day or that are
13 submitted together they occasionally are aggregated and appear
14 as one charge in the backup detail. If Your Honor would like
15 additional breakdown of those conference calls, we can provide
16 that to the Court.

17 THE COURT: Mr. Masumoto, is this something that
18 you've looked at at all?

19 MR. MASUMOTO: Not specifically, Your Honor. We'd be
20 happy to examine the invoices.

21 THE COURT: Okay. It just -- it was a giant red flag.
22 And review it with the U.S. Trustee, if you would.

23 I think in the future, you ought to provide the detail
24 or the breakdown. If you're going to lump them all together as
25 a single call, I mean --

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1 MS. RINGER: Understood, Your Honor.

2 THE COURT: If -- Mr. Masumoto, if you're satisfied
3 with it, I'll go ahead and approve it. If there's an issue
4 about it, bring it back to me. Okay?

5 MR. MASUMOTO: Very well, Your Honor. Thank you.

6 THE COURT: Okay. Other than -- let me see whether
7 there was any other issue. With respect to the fees, with
8 respect to the -- with the agreed reduction with the U.S.
9 Trustee, it's approved.

10 MS. RINGER: Thank you, Your Honor.

11 THE COURT: Hopefully you can resolve this quickly, so
12 your application isn't held up, okay?

13 MS. RINGER: Thanks. Next is Moelis & Co., docket
14 number 4564, requesting fees in the amount of \$2.1 million and
15 expenses in the amount of \$15,805.11. There was no objection.

16 THE COURT: I thought there was an adjustment in
17 expenses, no? It's not on the chart, but I --

18 MR. MASUMOTO: I don't believe so -- well, I don't
19 believe we filed an objection with respect to Moelis.

20 THE COURT: Okay.

21 MR. MASUMOTO: I think, Your Honor, apparently there
22 was a photocopy charge adjustment. I think of 342 -- 344 --

23 THE COURT: \$344.32

24 MR. MASUMOTO: Right. To reflect, I guess, an
25 overcharge on compliance with the guidelines with the --

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1 THE COURT: All right. That should be included in the
2 chart.

3 MR. MASUMOTO: Yes. I believe so.

4 MR. RIELA: Your Honor, Michael Riela of Latham &
5 Watkins for the record -- R-I-E-L-A is the last -- spelling of
6 the last name. That is correct, Your Honor. There is a
7 reduction in the amount of \$344.32 with respect to photocopying
8 charges. That should be reflected as a reduction in the
9 expenses.

10 THE COURT: Okay. I had a couple other questions.

11 MR. RIELA: Sure.

12 THE COURT: There were some timekeepers that were
13 billing seven hours of phone calls in one day, when they
14 actually spent significantly less time on the phone. For
15 example, on January 2, there are entries on page 37 of Moelis'
16 application.

17 MR. RIELA: Um-hum. I'm sorry, what page are you
18 looking at, Your Honor?

19 THE COURT: Page 37.

20 MR. RIELA: 37, thank you. So I don't see any time
21 entries for seven hours of telephone calls. I may be missing
22 it as I'm looking through it here. I see a number of one-hour,
23 one-and-a-half-hour, two-hour calls. And given the Court's
24 orders with respect to retention, Moelis can keep time in half-
25 hour entries for --

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1 THE COURT: Yes, that I understand.

2 MR. RIELA: Okay. But I could -- I will check back
3 with my client with respect to -- to the particular charges.
4 Again, Moelis is charging a flat fee for its work.

5 THE COURT: I understand.

6 MR. RIELA: But I'll make sure, obviously, that's --

7 THE COURT: I understand that. All right, let me ask
8 that -- I'm going to go ahead and approve the application.
9 Just on some of them -- even though it's a flat fee, some of
10 these could use more detail, okay?

11 MR. RIELA: Understood, Your Honor.

12 THE COURT: All right.

13 MR. RIELA: Yes.

14 THE COURT: Thank you. I am approving the
15 application.

16 MR. RIELA: Thank you.

17 THE COURT: With that \$344.32 was not in the chart.
18 But go ahead, Ms. Ringer.

19 MS. RINGER: Next, Your Honor, is Pachulski Stang,
20 docket number 4534, requesting fees in the amount of
21 \$349,099.50 and expenses in the amount of \$13,706.60. After
22 resolving the U.S. Trustee's objection, Pachulski reduced their
23 fees to \$347,570.50 and expenses to \$13,234.90.

24 MR. MASUMOTO: That's correct, Your Honor.

25 THE COURT: All right, it's approved.

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1 MS. RINGER: Next is San Marino Business Partners,
2 docket number 4572, requesting fees in the amount of \$43,342.50
3 and expenses in the amount of \$73.32. After resolving the U.S.
4 Trustee's objection, San Marino agreed to reduce its fees to
5 \$31,127.11 and its expenses remain the same.

6 THE COURT: Mr. Masumoto, let me ask you. Their --
7 again, when you -- where you've agreed on a lump-sum reduction,
8 I don't know what went into it. I had questions about the
9 amount of time they spent preparing fee applications. You may
10 well have dealt with that in the fee reduction.

11 MR. MASUMOTO: And that was -- that was the substance
12 or the thrust of our objection regarding applying the Mesa fee
13 standard to their fee app prep time.

14 THE COURT: All right, it's approved.

15 MS. RINGER: Next is SilvermanAcampora, docket number
16 4538, requesting fees in the amount of \$315,950 and expenses in
17 the amount of \$1,613.51. After resolving the U.S. Trustee's
18 objection, they agreed to reduce their fees to \$300,092.50 and
19 expenses to \$1,448.11.

20 THE COURT: Mr. Masumoto?

21 MR. MASUMOTO: That's correct, Your Honor.

22 THE COURT: All right, it's approved.

23 MS. RINGER: Finally is Wilmer Cutler Pickering Hale
24 and Dorr, docket number 4537, requesting fees in the amount of
25 \$504,670.50 and expenses in the amount of \$2,231.33.

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1 THE COURT: Is there somebody from Wilmer Hale who's
2 here? Come on up.

3 So --

4 MR. PERLSTEIN: Good morning, Your Honor. William
5 Perlstein, Wilmer Hale.

6 THE COURT: The issue that I have, and I know the U.S.
7 Trustee didn't file an objection, is that it appears that you
8 spent a significant amount of time reviewing conflicts reports
9 and identifying potential conflicts with the representation.
10 For example, invoice 2218702, two Wilmer Hale attorneys spent a
11 combined eight and a half hours for reviewing the conflicts
12 report, including one of those lawyers billing at 750 dollars
13 an hour.

14 Another attorney billed 6.9 hours for drafting a list
15 of supervising attorneys on potentially conflicting matters and
16 e-mailing those same attorneys. I won't go through -- I mean,
17 I consider -- you know, clearing conflicts is part of your
18 overhead. You want to take on the work? Fine. You don't want
19 to take on the work? Don't do it. If it takes -- if you've
20 got to review -- it's extremely burdensome to review your
21 conflicts reports; you need to do it. You have any authority
22 that says that's compensable? Because I don't. I can't
23 remember ever compensating for reviewing conflicts -- clearing
24 conflicts.

25 MR. PERLSTEIN: Your Honor, this was the initial fee

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1 application.

2 THE COURT: That's fine, but it's still -- there is a
3 significant -- okay. In January you billed 101 hours on
4 "fee/employment applications" at a cost of \$56,050.50. What's
5 the justification?

6 MR. PERLSTEIN: That was the initial -- we were
7 retained in December of 2012. That cost was entirely with
8 respect to the initial clearance coming in quite late in this
9 case.

10 THE COURT: I don't think that answers my question.
11 Do you have any case authority that says you should properly --
12 that that isn't overhead? Why should you be reimbursed by the
13 estate for doing a conflicts check to determine whether you're
14 going to get hired?

15 MR. PERLSTEIN: My understanding of the U.S. Trustee
16 guidelines, Your Honor, is that the normal requirements of
17 complying with the Court's guidelines on retention is
18 compensable, so long as it is reasonable. That is what our
19 understanding has been with respect to the initial retention.
20 I did look at the costs --

21 THE COURT: Preparing the application -- preparing
22 your retention application, I will approve compensation for.

23 Mr. Masumoto, what's your -- I don't want to -- if the
24 office policy, which I'd ask you -- what is the office policy
25 with respect to reimbursing counsel for doing a conference

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1 check?

2 MR. MASUMOTO: We have a similar position to Your
3 Honor; we do believe it's part of overhead. We oftentimes get
4 feedback or objections by the applicant indicating that the
5 U.S. Trustee may have raised issues that the Court hadn't
6 raised in that regard, and sometimes that's an issue as to
7 whether or not it's compensable or not. But we do believe, as
8 a general policy that, as Your Honor indicated, whatever it
9 takes to be retained is part of -- should be part of the
10 overhead.

11 THE COURT: All right. Some of the time, and I can't
12 tell you exactly how much, was spent on preparing the
13 disclosure affidavit for purposes of the retention. That I
14 consider to be appropriate, okay? You've got to do the
15 application. Case law does permit reimbursement for doing the
16 application. I consider doing your conflicts check -- most of
17 the time went into that -- as overhead.

18 So what I'm going to do is I'm going to approve the
19 fees with a reduction of \$42,037.50, which represents a 75
20 percent reduction of Wilmer Hale's fees for "fee/employment
21 applications".

22 MR. PERLSTEIN: Okay. Thank you, Your Honor.

23 THE COURT: Okay.

24 MS. RINGER: Your Honor, I believe that's all for the
25 committee professionals.

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1 THE COURT: Mr. Seife?

2 MR. SEIFE: Good morning, Your Honor. Howard Seife,
3 Chadbourne & Parke, counsel for the examiner. I'm here for the
4 professionals retained by the examiner for the examiner
5 himself.

6 The first fee application is that for Chadbourne &
7 Parke, docket number 4565, requesting fees of \$23,771,407.75,
8 expenses of \$1,528,915.11. Based on an objection and
9 discussions with the U.S. Trustee, there's an agreement to
10 reduce the fees to \$23,687,407.75. There was no objection to
11 the expenses.

12 THE COURT: Let me ask you this. On the expenses --
13 this really goes to how you were staffing the matter -- did you
14 staff with people from Los Angeles?

15 MR. SEIFE: We had a partner in Los Angeles, Robin
16 Ball, who is a senior litigator, who was intimately familiar
17 with derivatives, that was heavily involved in the
18 investigation.

19 THE COURT: Okay. As I did earlier, you need to go
20 back; I'm not going to reimburse for travel air fare, hotels,
21 for lawyers from other than your New York office who travel to
22 New York. There were -- I'm not sure I captured all of them,
23 but there were a handful of entries. I mean, it's perfectly
24 appropriate, in my view, for you to decide, for expertise or
25 whatever reason, to staff the matter with lawyers from other

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1 offices.

2 MR. SEIFE: Right.

3 THE COURT: But you're going to eat the travel
4 expense, hotel, airfare, if you do that. Consider it part of
5 overhead.

6 MR. SEIFE: For clarification, if he was traveling to
7 Chicago or Minneapolis for an interview, I assume that's
8 compensable?

9 THE COURT: Yeah, I'm talking about travel to New
10 York.

11 MR. SEIFE: To New York.

12 THE COURT: Okay? I agree. And I was looking, and I
13 think we did flag some of those. There was travel to
14 Minneapolis; I understand what that was about.

15 MR. SEIFE: Right.

16 THE COURT: I'm just talking about travel to New York
17 when -- okay. So --

18 MR. SEIFE: We'll make that adjustment, Your Honor.

19 THE COURT: -- talk to Mr. Masumoto about it, and make
20 sure he's -- make sure you're satisfied, Mr. Masumoto. Okay.

21 MR. MASUMOTO: I will.

22 THE COURT: So reduce the expenses by the expenses for
23 your out-of-town attorneys.

24 MR. SEIFE: We'll do that.

25 THE COURT: Let me just see whether I had anything

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1 else. I'm satisfied with the fee reduction you agreed upon
2 with the U.S. Trustee, so I'll approve it, subject to working
3 out the expense items.

4 MR. SEIFE: Thank you, Your Honor.

5 THE COURT: Thank you.

6 MR. SEIFE: The next application is of the examiner
7 Arthur J. Gonzalez, docket number 4566, requested fees of
8 321,975 dollars, and no requested expenses. There was no
9 objection from the U.S. Trustee.

10 THE COURT: Mr. Masumoto?

11 MR. MASUMOTO: That's correct, no objection, Your
12 Honor.

13 THE COURT: All right. It's approved.

14 MR. SEIFE: Next is Leonard, Street, docket number
15 4559, requesting fees of 88,103 dollars, expenses of 2,345
16 dollars. No objection by the U.S. Trustee.

17 MR. MASUMOTO: That's correct, Your Honor.

18 THE COURT: It's approved.

19 MR. SEIFE: Mesirow Financial Consulting, docket
20 number 4562, seeking fees of 23,210,644 dollars, expenses of
21 299,682 dollars. There was an objection launched by the U.S.
22 Trustee, and there was agreed upon a settlement reducing the
23 fee amount to 23,108,667 dollars, and reducing the fees to
24 235,261 dollars.

25 THE COURT: Mr. Masumoto?

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1 MR. MASUMOTO: That's correct, Your Honor.

2 THE COURT: All right. With the agreed reductions,
3 it's approved.

4 MR. SEIFE: Wolf Haldenstein, docket number 4560,
5 seeking fees of \$77,787, expenses of \$1,623.06. There was an
6 objection to the fees by the U.S. Trustee, and agreed upon
7 reduced amount of \$73,468.35; no objection to expenses.

8 THE COURT: All right. It's approved.

9 MR. MASUMOTO: That's correct.

10 MR. SEIFE: Thank you, Your Honor.

11 MR. MARINUZZI: Your Honor, that concludes the
12 presentation of the fee applications with --

13 THE COURT: Anyone who was here just for the fee
14 applications is certainly excused.

15 MR. MARINUZZI: Your Honor, just one minor point,
16 before they leave, that I neglected to mention. Our
17 application requests, and I'm sure others do as well --

18 THE COURT: A holdback.

19 MR. MARINUZZI: Correct.

20 THE COURT: I want to hear from Mr. Masumoto on that,
21 because whatever I do is going to apply across the board to
22 everybody.

23 MR. MARINUZZI: Correct.

24 MR. MASUMOTO: We believe that the prior holdback
25 should continue. I'm not sure if they're asking for a payment

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1 of some of the earlier holdback of the --

2 THE COURT: They are, is what I understood.

3 MR. MARINUZZI: Yes, Your Honor.

4 THE COURT: They're asking that it be reduced going
5 forward, and I believe --

6 MR. MARINUZZI: There's ten percent being held for the
7 first ten percent, still for the second, and I'm assuming ten
8 percent will be held back for the third.

9 MR. MASUMOTO: As long as going forward there's a
10 continued holdback, I don't think we have any objection to
11 reducing some of the earlier holdback. I mean, currently
12 they're being paid the eighty/twenty percent.

13 THE COURT: Yes.

14 MR. MASUMOTO: At the award, I believe Your Honor has
15 been reducing that holdback amount to ten percent in the prior
16 application. So going forward, as long as they maintain the
17 payment -- the monthly payment of eighty/twenty, I believe that
18 should keep, at least until the next application, a sufficient
19 holdback to allow Your Honor, at your discretion, to reduce any
20 of the ten percent holdbacks from the prior period.

21 THE COURT: All right. So let me -- be clear for me
22 what it is you're asking me to do with respect to the holdback.

23 MR. MARINUZZI: Your Honor, we're asking for release
24 of the ten percent holdback relating to the first
25 application --

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1 THE COURT: Prior to the -- okay.

2 MR. MARINUZZI: -- as well as the ten percent holdback
3 remaining for the second application.

4 THE COURT: All right. And --

5 MR. MARINUZZI: With respect to the third --

6 THE COURT: Go ahead.

7 MR. MARINUZZI: -- we understand there'll be a ten
8 percent holdback at the end of this hearing.

9 THE COURT: All right. Is that satisfactory to you,
10 Mr. Masumoto?

11 MR. MASUMOTO: That is, and I was just wondering if
12 counsel has managed to calculate, on the eighty/twenty portion
13 that's currently, how much has not been paid?

14 MR. MARINUZZI: What I'm told is with respect to the
15 first and second, the total amount being held back for the
16 professionals is fifteen million dollars.

17 MR. MASUMOTO: Okay. That's fine, Your Honor.

18 THE COURT: Does anybody else wish to be heard with
19 respect to the issue of the holdback?

20 All right. I'm going to go ahead and approve your
21 request. I want you to go over with the U.S. Trustee
22 carefully the precise amounts for each professional, from the
23 prior holdback, that's going to be paid to them now, so it's
24 clear. I don't have that clearly in mind.

25 MR. MARINUZZI: We'll do that, Your Honor. It'll be

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1 set forth in the order that we present to chambers --

2 THE COURT: Mr. Eckstein --

3 MR. MARINUZZI: -- and if there are any questions --

4 THE COURT: -- did you want to be heard?

5 MR. ECKSTEIN: Your Honor, I'm assuming this is going
6 to apply --

7 THE COURT: Across the board.

8 MR. ECKSTEIN: -- across the board.

9 THE COURT: Absolutely.

10 MR. ECKSTEIN: We obviously would like to see the
11 chart and have a chance to just understand what amounts will
12 continue to be held back and, sort of, what the balance is in
13 terms of -- there are policy issues and these are important
14 issues for the firms, and so I appreciate what Mr. Marinuzzi is
15 proposing from the standpoint of not taking on too much of a
16 burden.

17 THE COURT: Does the committee want to object to
18 reducing the holdback, Mr. Eckstein?

19 MR. ECKSTEIN: I'm not prepared, Your Honor, to raise
20 an objection, but I'd like to see the chart, and then if we
21 have any comments we'll indicate it at the time.

22 THE COURT: Okay. So I've approved the fees, subject
23 to the ones where I flagged issues. With respect to the
24 holdback, prepare a chart, share it with Mr. Eckstein and any
25 other counsel who want to see it and with the U.S. Trustee.

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1 And before I sign an order, I want to be sure. If there are
2 going to be -- if there are remaining objections, please let me
3 know, and we'll try and resolve it promptly. It's a lot of
4 money.

5 MR. MARINUZZI: Will do, Your Honor. Thank you very
6 much.

7 THE COURT: Okay.

8 MR. MARINUZZI: And on behalf of, I'm sure, all of the
9 applicants, noting the pile of binders on your desk, we really
10 want to thank the Court and chambers and the U.S. Trustee's
11 Office for their efforts in reviewing the applications.

12 THE COURT: Okay. Thank you. And I would -- I want
13 to make clear, I greatly appreciate the effort that that U.S.
14 Trustee's Office spends on reviewing quite voluminous fee
15 applications.

16 MR. ECKSTEIN: Your Honor --

17 THE COURT: Mr. Eckstein?

18 MR. ECKSTEIN: -- one more observation, just on the
19 question. And I don't think it's intended that the release of
20 the holdback is in any way altering whatever issues people want
21 to deal with at final fee applications.

22 THE COURT: It's not.

23 MR. ECKSTEIN: And so I think, with that caveat --

24 THE COURT: Nobody's fees are being approved on a
25 final basis.

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1 MR. ECKSTEIN: That was the point I was making.

2 THE COURT: And until they're approved on a final
3 basis, they're subject to disgorgement, they're subject to all
4 the usual rights that remain.

5 MR. ECKSTEIN: I appreciate that clarification.

6 THE COURT: All right.

7 MR. MARINUZZI: Of course, Your Honor.

8 MR. ECKSTEIN: Thank you, Your Honor.

9 MR. MARINUZZI: Your Honor, if it's acceptable to the
10 Court, I think we'll go to page 5 of the agenda and begin the
11 contested matters.

12 THE COURT: I think what we'll do is we'll take a ten-
13 minute recess --

14 MR. MARINUZZI: Very well.

15 THE COURT: -- and anybody who doesn't need to remain
16 for it is free to leave. Okay?

17 IN UNISON: Thank you, Your Honor.

18 (Recess from 11:19 a.m. until 11:33 a.m.)

19 THE COURT: All right. Please be seated.

20 Mr. Marinuzzi?

21 MR. MARINUZZI: Good morning, Your Honor. We're on
22 page 5 of the agenda for today's hearing, and it's item 1 under
23 contested matters, and it's the debtors' objection to the proof
24 of claim of PNC Bank, N.A. I'm going to turn over the podium
25 to John Walsh of Curtis, Mallet; he'll be handling it on behalf

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1 of the debtors.

2 MR. WALSH: Good morning, Your Honor. John Walsh for
3 the debtor.

4 We're here, Your Honor, on the debtors' motion --
5 rather, objection on the PNC claim. We filed an objection
6 based on 502(b)(1), and in the alternative, 502(e), but the
7 primary thrust of our motion is based on 502(b)(1), that there
8 is no right to contribution or indemnity, which is the basis of
9 this claim.

10 THE COURT: So what if the judge in Pittsburgh decides
11 there is? I mean, there's no statutory right to contribution,
12 but whether there's a common law right -- I mean, this issue
13 came up when I was asked to give preliminary approval to the
14 class action settlement, which I ultimately did give
15 preliminary approval, and it was the issue about the judgment
16 reduction provision that was -- because originally the proposed
17 settlement said applicable law, and the Second Circuit says
18 that's not good enough. So the debtor, in its infinite wisdom
19 and hard negotiating, adopted a provision on judgment reduction
20 that is certainly going to result in objections at the time of
21 final approval.

22 And so I'm not -- I'll tell you right now, I'm not
23 prepared to decide, in the context of your objection to the
24 claim, that there is no right to indemnity or contribution. I
25 said at the time I gave preliminary approval -- or at the

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1 hearing I actually gave the approval in an order, but at the
2 time of the hearing on preliminary approval, I was most
3 concerned about whether it was supposed to be me or the federal
4 district court judge in Pittsburgh, who would make a
5 determination whether there was a right to contribution, and
6 what the applicable rule would be. I said then that I wanted
7 to talk -- I wasn't going to make any decision until I talked
8 to the judge. I did speak with the district judge, and the
9 issue is open. The issue is open as to whether there's a right
10 to contribution and what the standard is.

11 MR. WALSH: Your Honor, the PNC response to our
12 objection provided no basis for contribution or indemnity, so
13 there's nothing before Your Honor --

14 THE COURT: Well, neither side has briefed the merits,
15 really, of whether there's a -- there's no statutory right,
16 okay? I agree, and they don't argue otherwise.

17 MR. WALSH: And no contractual right, and they don't
18 argue otherwise.

19 THE COURT: Okay. And the issue is under -- these are
20 all federal -- these are all statutory causes of action, and to
21 me, the issue is not clear whether there's a right to
22 contribution. And I think it's going to be the judge in
23 Pittsburgh who's probably going to wind up being the one to
24 decide it. If there's an adverse judgment against PNC, he's
25 going to have to decide whether there's a right to contribution

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1 and whether he's satisfied with the standard that was written
2 into the proposed settlement. I mean, I -- I don't want to
3 pre-judge it; I'm sure I'm going to get a PNC objection at the
4 time of the hearing on final approval of the class action
5 settlement.

6 So 502(e) is a different issue, okay? 502(b), I'm
7 not -- I'm making it crystal clear I am not deciding today that
8 there is no right to contribution. That's a separate issue
9 than the 502(e)(1). So you want to argue that, go ahead and
10 argue that.

11 MR. WALSH: Well, Your Honor, the issue in 502(b) is
12 before the Court because they are seeking --

13 THE COURT: Are you hearing what I'm saying?

14 MR. WALSH: Your Honor --

15 THE COURT: I told you --

16 MR. WALSH: Well, let me respond to 502(e).

17 THE COURT: Look, if you had -- this would be a
18 nonissue if you had negotiated a different judgment reduction
19 provision, because PNC wouldn't be exposed. And I said at the
20 time I had the hearing that -- I had a hearing, I refused to
21 rule, you came back the next day, and I basically said that,
22 okay, you adopted a rule that's the -- I don't know what the
23 right term to use -- it certainly would be the least generous
24 to PNC, whether -- it may be appropriate, okay? It may be
25 appropriate. Final approval may be given.

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1 But I also made a comment then that -- I asked the
2 question had they filed a proof of claim, and I was told they
3 had. And I said, well, it may be a different issue at the time
4 the Court is asked to determine their claim for contribution,
5 because it may be a different standard than what you wrote into
6 the settlement agreement. Okay. I view this as, in part, a
7 self-inflicted wound, you know? You should have negotiated
8 harder and this would clearly be a nonissue.

9 MR. WALSH: Your Honor, there may be an opportunity
10 down the road, even after this hearing, to negotiate with PNC
11 and the plaintiffs a different judgment credit and a different
12 settlement bar. The parties may even decide to withdraw the
13 request for a settlement bar before this Court and let the
14 Court in Pittsburgh address that issue.

15 THE COURT: But that's not what I have. I have your
16 objection to the claim. And with respect to 502(b),
17 specifically as to 502(b)(1), I am not determining -- it is not
18 possible for me to determine, on the briefing that I have
19 before me, that their claim for contribution is unenforceable
20 under applicable law. The issue is -- I think I asked the
21 question at the --

22 MR. WALSH: Let me address 502(b).

23 THE COURT: -- at the last hearing as to whether there
24 was any case law specifically as to these causes of action.
25 The statutes don't have a provision for contribution; that's

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1 not the end of the discussion.

2 MR. WALSH: Well, Your Honor, the RICO statute, and
3 cases following RICO, have determined that there is no right to
4 contribution under RICO. That case law is well developed.

5 With respect to HOEPA and TILA, there isn't case law,
6 but we think that you can infer from the RICO cases, and the
7 other cases interpreting the PSLRA, that when a statute is
8 silent with respect to contribution --

9 THE COURT: You want to argue 502(e)(1) now?

10 MR. WALSH: I'm happy to address 502(e), Your Honor,
11 just --

12 THE COURT: No, why don't you sit down and wait --

13 MR. WALSH: 502(e) --

14 THE COURT: -- until your --

15 MR. WALSH: Let me address --

16 THE COURT: -- your turn.

17 MR. WALSH: Well, let me at least raise one other
18 issue, Your Honor. On 502(e), the PNC's response has requests
19 to withdraw the claim based on 502(e). The parties remaining
20 dispute then, if it is based on 502(e), the Court's
21 determination is that that withdrawal should be with prejudice.
22 I'll allow PNC's counsel to address that request.

23 THE COURT: I don't know any authority for withdrawing
24 it without prejudice. I mean, that --

25 MR. WALSH: You're right, Your Honor. That is our

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1 point, that if it's withdrawn, it should be withdrawn with
2 prejudice, so that the debtor, in this situation, will have
3 peace of mind with respect to this claim that at this point is
4 outstanding and is a claim for, purportedly, a billion dollars.
5 There should be some finality with respect to the claim, at
6 least in this proceeding, Your Honor. If the claim is
7 withdrawn under 502(e), we ask that it be withdrawn with
8 prejudice, such that it could not be reasserted at a later
9 date. And as I said, I'll cede the podium to PNC's counsel to
10 address that.

11 Your Honor, to belabor the point, our briefs to
12 address the 502(b) issue and do cite case law on RICO and the
13 arguments in favor.

14 THE COURT: Move on to your next point. How many
15 times do I have to say I am not determining today --

16 MR. WALSH: I accept that, Your Honor.

17 THE COURT: -- that there is no right to contribution
18 on the claims that are asserted in the complaint. You want me
19 to make a decision, and I know what's going to happen when the
20 matter goes forward before the district court in Pittsburgh,
21 okay?

22 MR. WALSH: Pardon, Your Honor.

23 THE COURT: In my view, this is a self-inflicted issue
24 under 502(b). You could have solved this problem. There would
25 be no claim for contribution if PNC was assured that if there's

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1 a right to contribution they'd get judgment reduction for the
2 full amount permitted. But that's -- you know.

3 MR. WALSH: Well, I appreciate that, Your Honor. That
4 may color the parties' negotiations. I'll cede the podium to
5 PNC.

6 MR. MARRIOTT: Good morning, Your Honor.

7 THE COURT: It's still morning.

8 MR. MARRIOTT: Just making sure. Vince Marriott of
9 Ballard Spahr, on behalf of PNC. I'm here with my colleague,
10 Sarah Schindler-Williams.

11 We concede that the claim is subject to disallowance
12 under 502(e)(1)(B).

13 THE COURT: I don't see any authority, whatsoever,
14 that if I sustain the objection under 502(e)(1) that it's
15 without prejudice.

16 MR. MARRIOTT: Well, Your Honor, that confused me too,
17 and I discussed with the debtor, out in the hallway, what the
18 prejudice or without prejudice issue really is. And apparently
19 it's a 502(j) issue. 502 --

20 THE COURT: Unless you come back another time.

21 MR. MARRIOTT: 502(j) allows for reconsideration for
22 cause. It's not limited to 502(e)(1)(B). It applies to any
23 allowance or disallowance of a claim --

24 THE COURT: I've had this 502(j) issue come up in
25 other -- in actually, Chapter 13 cases.

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1 MR. MARRIOTT: On any basis. It's not our view that,
2 by consent to disallowance under 502(e)(1)(B), that we also
3 have to waive whatever rights we might have under 502(j).

4 THE COURT: Well, look, I -- your first statement --
5 and I think this is in your papers -- you concede that under
6 502(e)(1) your claim for contribution can be disallowed --

7 MR. MARRIOTT: Correct.

8 THE COURT: -- correct? Okay.

9 MR. MARRIOTT: And we have no objection --

10 THE COURT: And that's my ruling, okay?

11 MR. MARRIOTT: And we have no objection to an order to
12 that effect.

13 THE COURT: Well, that's -- I'm -- you know, whether
14 you have a right to come back under 502(j) or not is premature
15 for me to say.

16 MR. MARRIOTT: Agreed.

17 THE COURT: Okay? I'm not saying -- I'm going to
18 sustain the objection under 502(e)(1), period, full stop. And
19 if I have a motion under 502(j), I have a motion under 502(j),
20 and you'll fight it out then. I'm not deciding today more than
21 I have to decide. You've conceded that the claim is properly
22 disallowed under 502(e)(1), and that's true. The real answer
23 is: Go negotiate. I mean, I view this as self-inflicted on the
24 debtors' part. And maybe the plaintiffs were unwilling to do
25 anything more, but I was amazed that within -- before the end

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1 of the hearing, when I said no, I'm not approving on a
2 preliminary basis, to come back and say, oh, we've worked this
3 out, Your Honor. And sure, but I made a point of saying then,
4 that isn't necessarily what's going to be binding on me, for
5 example, if there would have been a proof of claim, which there
6 have been, and you can come back and assert it later.

7 I have a contract now and it says this is the
8 following judgment reduction provision. Okay? And that may
9 be -- there may be no right to contribution; we'll see. And
10 I'm not sure whether it's me or the judge in Pittsburgh who is
11 ultimately going to decide it, but for today the ruling is I
12 sustain the debtors' objection to the claim solely on the basis
13 of 502(e)(1), period, full stop.

14 MR. MARRIOTT: Thank you, Your Honor.

15 THE COURT: Okay? Next matter. And debtors' counsel
16 should submit an order to that effect.

17 MR. MARINUZZI: Your Honor, that brings us --

18 UNIDENTIFIED SPEAKER: May I be excused, Your Honor?

19 THE COURT: You're excused, absolutely.

20 UNIDENTIFIED SPEAKER: Thank you, Your Honor.

21 THE COURT: Thank you.

22 MR. MARINUZZI: Your Honor, that brings us to item
23 number 2 on page 5, which is the debtors' motion under Section
24 365 to assume and assign servicing related agreements for
25 trusts ensured by Syncora Guarantee, Inc. to Ocwen Loan

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1 **Servicing, LLC.**

2 Your Honor, my colleague, Alexandra Barrage, will
3 present the debtors' objection -- the debtors' motion; I'm
4 sorry. I would like to --

5 THE COURT: I'm completely confused by this matter,
6 I've got to tell you.

7 MR. MARINUZZI: Okay, but it's an important matter,
8 Your Honor, and I'd like to spend a minute just setting an
9 overview, try to set the stage for the motion and why it's so
10 important to the debtors and to their constituents in the case.

11 Your Honor is well aware there is a plan on file,
12 proposed by the debtors and proposed by the creditors'
13 committee, and we hope to have a confirmation hearing begin in
14 approximately two months. And to say that the plan settles a
15 whole host of complicated intra-debtor, intra-creditor and
16 third party claims is really an understatement. What was
17 achieved over the months of mediation, to resolve that many
18 disputes, still, frankly, when I think about where this case
19 was a year ago, I'm still amazed. We've got to get to
20 confirmation; we know that. We know we're going to have some
21 issues, and we think we've done a pretty good job, with Your
22 Honor's help, of identifying the key issues. And we
23 anticipated, as part of the mediation process under Judge Peck,
24 that ran for months, what challenges we thought we would face.
25 And we weren't able to resolve everything, and so we know, and

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1 everybody understood and accepted that we have issues for
2 confirmation with respect to the JSNs and with respect to the
3 FHFA. No secret.

4 But by and large, the mediation process was driven by
5 some fundamental assumptions. One of the fundamental
6 assumptions is that people comply with the Court's orders. And
7 so in reliance on this, there were a number of assumptions
8 carefully vetted by the participants in the mediation regarding
9 assets, claims, negotiations regarding AFI's possible liability
10 on certain claims. I mean, people really were well informed,
11 and people drilled down on these estimates and assumptions.
12 And I think parties relied, as they participated in these
13 mediation sessions, that they had a pretty good grasp, albeit
14 conservative, of what the universe of claims were in this case.
15 And again, it was fundamentally formed by the claims bar date
16 having passed, the cure bar date having passed, negotiations
17 with creditors, creditors who said we believe our claim is X;
18 at least you can negotiate when somebody tells you their claim
19 is X.

20 THE COURT: Did you build into that, though, when you
21 initially have a schedule for assumption of contracts, and you
22 have Syncora on it, and then you withdraw it from the schedule,
23 and only later, now try to assume the contract?

24 I mean, that's -- when I say I'm really confused with
25 this, I understand you say, oh, it was a month after the bar

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1 date when we did this, but you remove -- are you assuming it or
2 are you not assuming it? How many times can you change your
3 mind? What are the consequences of doing that?

4 I don't see any -- I mean, why don't I take it as of
5 the time you withdrew it from the schedule on assumption? I
6 guess Ocwen decided they really do want it.

7 Okay. It raises the whole issue about cure claim, and
8 why doesn't the time for filing a cure claim run from when you
9 really say we want to assume it, which is the second time, not
10 the first time? I really am confused by this.

11 MR. MARINUZZI: Your Honor -- and I think I would be
12 doing a disservice if I tried to explain the Court's confusion
13 as well as Ms. Barrage will explain it --

14 THE COURT: Well, then she'll explain it to me.

15 MR. MARINUZZI: -- and the history. But I think --

16 THE COURT: It isn't that --

17 MR. MARINUZZI: -- the key --

18 THE COURT: I'm sorry Mr. Marinuzzi. The history of
19 the case doesn't solve this problem for me. Okay. I live the
20 history of this case every day. All right. I understand the
21 history of the case. I understand the importance of everything
22 that goes on in the case.

23 Let's -- let me deal with the specific issue I have to
24 deal with.

25 MR. MARINUZZI: That's fine, Your Honor. Cede the

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1 podium to Ms. Barrage. Thank you.

2 MS. BARRAGE: Thank you, Your Honor. Alexandra
3 Barrage of Morrison & Foerster, on behalf of the debtors. Your
4 Honor, I want to erect -- excuse me, I want to address your
5 direct question on the confusion on the issue. And I think
6 Your Honor is really touching on the point that Syncora makes
7 in its papers about subsequent to the cure deadline being taken
8 off the assumed contract list.

9 Your Honor, when Ocwen and the debtors convened prior
10 to the sale hearing, it was determined that the Syncora deals
11 be taken off the list in full adherence to this Court's sale
12 procedures order and to the asset purchase agreement. The
13 sales procedures order was very clear that the debtors always
14 had the ability, in consultation with our purchaser, who at the
15 time was Ocwen, to take agreements off the list.

16 However, those agreements were temporarily taken off
17 the list, Your Honor. And that was made very clear to Syncora,
18 and if I may --

19 THE COURT: Is there something in the order that talks
20 about temporarily taking things off the list?

21 MS. BARRAGE: Your Honor, there is something in the
22 transcript that I'd like to read into the record --

23 THE COURT: Go ahead.

24 MS. BARRAGE: -- if I may; I have copies of the
25 transcript.

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1 THE COURT: Thank you.

2 MS. BARRAGE: Your Honor, for the record, I've just
3 handed up a copy of the November 19th, 2012 hearing transcript,
4 which came from the first day sale hearing.

5 Your Honor, if you please would take a look at, first,
6 page 75 of the transcript.

7 THE COURT: Okay.

8 MS. BARRAGE: It starts at line 5. There's a colloquy
9 between Your Honor and Mr. Coelho for Syncora. This touches on
10 the point of the temporary aspect I just raised, if I may.

11 "Your Honor, I'm Sara Coelho from Weil. We're counsel
12 for Syncora Guarantee. Let me start by saying that if we are
13 indeed removed from the sale permanently, then our objection is
14 resolved.

15 "However, what the debtors have told us is not that.
16 What the debtors have told us is that they may seek to assume
17 and assign the contracts at a later date, pursuant to a
18 separate but similar order and on the same terms as under the
19 Ocwen APA."

20 Your Honor, there was no mystery here. We never
21 waived our ability to try and get these deals and resolve our
22 issues --

23 THE COURT: Yeah, but the issue for me --

24 MS. BARRAGE: -- with Syncora --

25 THE COURT: -- is -- that's all well and good. They

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1 knew you might try and later assume the contract. The issue
2 for me is when you take them off, does the original bar date
3 for cure claims apply once you take it off? Or once you
4 decide -- you took it off and you decide later, no, Ocwen wants
5 it; we're going to make a motion to assume it.

6 So the issue is then, what's the bar date for cure
7 claims when you put it back? That's what I don't see
8 adequately addressed.

9 MS. BARRAGE: Your Honor, two responses. The first is
10 your sale procedures order was very clear. It said there was a
11 cure deadline of September 28th.

12 There was also on the same date a deadline to object
13 to the sale; Syncora objected to the sale on that date. That
14 objection said nothing about cure amounts or the fact that they
15 had any issue with us scheduling them at zero. We assumed, and
16 until last week assumed, that there was not a cure issue here.

17 Secondly, Your Honor, we think there's really no need
18 to look beyond your sale order. And we think that parties in
19 similar procedural postures like FGIC and MBIA, they complied
20 with that deadline. And the reason that we're here today,
21 having --

22 THE COURT: Did FGIC and MBIA, did you put them on a
23 list and take them off a list?

24 MS. BARRAGE: Only with respect to MBIA, Your Honor,
25 we did. They were taken off a list; that was referenced

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1 directly in our reply. And subsequently, we resolved our
2 issues with MBIA as we did with FGIC.

3 THE COURT: Well, when you --

4 MS. BARRAGE: And that was our hope --

5 THE COURT: -- when you resolve an issue, that's not
6 precedent for -- that doesn't determine the outcome where you
7 don't resolve the issue.

8 MS. BARRAGE: Understood. I think the bigger point
9 here, Your Honor, is we've always tried to resolve our issues
10 with Syncora. We think the cure deadline was clear. We think
11 there was no mystery about how we were proceeding in our
12 negotiations. We were proceeding in our negotiations to get
13 them comfortable on adequate assurance. We were not dealing
14 with potential 212 million dollars of servicing breach claims.
15 That wasn't the tenor of our discussions.

16 So in large part, it's really not just follow the
17 deadline, it's also tell us. If you really thought you had a
18 cure claim back in September --

19 THE COURT: All right. You're telling me that never
20 once, in words or in substance, did Syncora tell you they think
21 they had a cure claim.

22 MS. BARRAGE: No, I'm not saying that, Your Honor. I
23 think our position is this. We're taking a reasonable approach
24 here. We're saying to the extent --

25 THE COURT: Let me stop you. Did anybody from

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1 Syncora, in words or in substance, tell you that they believed
2 they had a cure claim?

3 MS. BARRAGE: As part of our discussions to try and
4 raise these issues, no. As part of their subsequent filings
5 and footnotes, they raised the specter of potential hundreds of
6 millions of dollars of claims. We never got any detail on that
7 until last week.

8 So I think our approach is reasonable here, Your
9 Honor. We're not saying no cure claims. We're saying, after
10 that deadline, tell us what you think those cure claims are and
11 we'll look at them. So we're asking your Court to simply draw
12 a line in the sand.

13 Apart from this motion, there is a claims objection
14 pending. That -- those issues and the alleged -- no, the --
15 excuse me --

16 THE COURT: Why --

17 MS. BARRAGE: -- the amended --

18 THE COURT: Yeah. And one question I have is --

19 MS. BARRAGE: Sure.

20 THE COURT: -- is why I should hear this outside of
21 the context of that claim objection; let me --

22 MS. BARRAGE: Because --

23 THE COURT: -- hear the whole thing as one ball of
24 wax, and decide?

25 MS. BARRAGE: Your Honor, those -- the issues in the

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1 claims objection are directly linked to this cure claim
2 deadline.

3 THE COURT: That's why I ought to hear it together.

4 MS. BARRAGE: And we're asking Your Honor to draw a
5 line in the sand and tell us --

6 THE COURT: When is that scheduled for?

7 MS. BARRAGE: I believe it's scheduled -- our reply is
8 due the 19th, Your Honor. But the parties are in discussions
9 about scheduling a future hearing on the merits and the
10 procedural issues with respect to that objection.

11 But Your Honor's -- to the extent Your Honor is
12 inclined to decide this cure claim issue, I think it's going to
13 directly affect potential and burdensome discovery on our claim
14 objection. Because if we go down the discovery road, we could
15 potentially be opening ourselves up to discovery preceding the
16 September 20th, 2012 --

17 THE COURT: Okay. Let me ask you this.

18 MS. BARRAGE: -- deadline.

19 THE COURT: Do you have any cases that directly deal
20 with the issue of the deadline for cure claims where a debtor
21 has removed contracts from an assumption schedule and later
22 puts it back on?

23 MS. BARRAGE: Your Honor, we do not. I think the
24 closest analogue in the cases are really the line of cases
25 beginning with Drexel on bar date type -- strictly adhering to

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1 bar dates. I don't think that this is exactly that. We
2 don't --

3 THE COURT: It's not exactly that. I understand --
4 I -- the Second Circuit law on bar dates is, I think, quite
5 clear. Okay. But this has thrown a real -- when I say I'm
6 confused by the whole thing, this has thrown a real monkey
7 wrench into it.

8 If you hadn't removed them from the schedule, I think
9 the answer would be clear. There was a bar date deadline.
10 They were listed on the schedule for assumption. They didn't
11 file a cure claim within the time provided. Too late, too bad.
12 Okay.

13 But there's the twist here. The twist is the debtor
14 removed them from the schedule. You essentially -- hang on.
15 The transcript you point to, Ms. Coelho's statement about, "Let
16 me start by saying that if we are indeed removed from the sale
17 permanently, then our objection is resolved." Okay.

18 Well, it doesn't say that remove us now, put us back
19 later, the objection isn't there. What I don't have is clear
20 case authority to support your position that having once
21 removed them, now seeking to assume that you can stand on the
22 bar date that applied previously.

23 I understand there is this -- it was a month after the
24 bar date ran. I mean, did -- let me ask you this. What
25 will -- what do you anticipate the facts would show at any

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1 contested hearing as to whether you told Syncora's counsel that
2 you were going to remove them from the schedule of assumed
3 contracts? Were they told that before the bar date and it just
4 took until a month after before it actually happened?

5 MS. BARRAGE: No, Your Honor. We did not tell them
6 that before the bar date. We told them that several days
7 before the sale hearing. I have a cite, if Your Honor will
8 give me just a minute.

9 And the notice to Syncora on that point was as part of
10 our omnibus response to the sale objections. It's cited in our
11 reply, and I'm sorry; I'm just -- okay.

12 So if Your Honor turns to our reply --

13 THE COURT: I have too much paper up here; you're
14 going to have to --

15 MS. BARRAGE: Sorry, Your Honor.

16 THE COURT: -- read it to me.

17 MS. BARRAGE: Paragraph 6, footnote 7, in our omnibus
18 reply to objections to the debtors' sale motion at docket
19 number 2135, we noted that both MBIA and Syncora's agreements
20 would be removed from the schedule. So this was approximately
21 a month after the cure deadline.

22 THE COURT: And you never told them before that that
23 you were going to remove them from the schedules?

24 MS. BARRAGE: No, Your Honor, we did not.

25 THE COURT: Like I say, I'm confused. I don't know.

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1 Mr. Eckstein?

2 MR. ECKSTEIN: Your Honor, I'm not sure I can
3 significantly -- I can't respond to the case question, but I
4 think it's important to have a little context here.

5 The -- as of September there's no -- there's no
6 debate. There were -- there are handful of important monolines
7 in this case. They all were very, very well aware of the case.
8 They're all experienced in these types of situations, well
9 represented. They all did two things. They expressed whether
10 or not they did or didn't have objections to the sale. And
11 they expressed whether they had pre-petition cure claims. And
12 everybody did that.

13 Syncora did not assert any cure claims, because if
14 they had cure claims, they would have asserted cure claims.
15 They didn't assert a cure claim.

16 We, therefore, had the following facts on the ground.
17 We had -- in the case of Syncora, they had significant
18 objection to the sale and they had no cure claims. The
19 judgment was, at that -- at the time, the estate was deciding
20 whether or not taking Syncora out was, from a business
21 standpoint, sensible. Because it might have turned out that
22 the Syncora transactions were so small relative to the
23 transaction that it wasn't it worth the candle. But we worked
24 with the assumption that we had no cure claims.

25 Now, at the time, we decided to take them out, because

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1 we were debating whether or not it made sense as a business
2 matter. It was not to reconsider whether there were pre-
3 petition cure claims. It was to make a business decision with
4 Ocwen and with Syncora whether or not there were servicing
5 adjustments that would get made. But it was all based upon a
6 playing field.

7 Now, for better or for worse, for reasons that,
8 frankly, I can't even speak to, it hasn't gotten resolved. But
9 the fact of the matter is we're prepared to go forward and let
10 Ocwen take over the transactions and deal with the objections
11 to the sale that Syncora raises. And we're not asking for the
12 Court today to overrule those objections.

13 The problem we're having right now is that all of a
14 sudden, frankly, nine months after all of that happened, or
15 even almost a year after that happened, instead of we had zero
16 pre-petition cure claims, all of a sudden, several hundred
17 million of pre-petition cure claims. That's not a de minimis
18 problem given the fact that we have a disclosure statement out.
19 And that's the reason why this is important.

20 THE COURT: Well --

21 MR. ECKSTEIN: There's no reason why they all of a
22 sudden should have do over on a pre-petition cure claim. They
23 knew exactly what they had to do then.

24 THE COURT: What's the proof of claim they filed? Ms.
25 Barrage, what's it for?

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1 MS. BARRAGE: Pardon me, Your Honor. What is it?

2 THE COURT: Yes.

3 MS. BARRAGE: Well, the first proof of claim that was
4 filed was a proof of claim against GMACM in an unliquidated
5 amount for servicing-related breaches.

6 THE COURT: Are the -- what's your argument to expunge
7 the claim? Is it -- was it timely filed?

8 MS. BARRAGE: The argument on the original proof of
9 claim -- we don't take any issue that it was not timely filed.
10 There are a number both procedural and substantive issues, and
11 I might cede the podium to my colleague, or --

12 MR. ECKSTEIN: Syncora filed claims against GMACM.
13 They didn't file claims against RFC based upon transactions.
14 The debtor didn't issue the Syncora transaction. So it's a --
15 it was sort of a --

16 THE COURT: You're saying they filed against the wrong
17 entity.

18 MR. ECKSTEIN: They now want to assert a claim against
19 other debtors. That's, per se, not appropriate at this
20 stage --

21 THE COURT: Well --

22 MR. ECKSTEIN: -- of the case.

23 THE COURT: -- it may get knocked out.

24 MR. ECKSTEIN: They knew they were on multiple
25 debtors. They could have filed them against multiple debtors;

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1 they didn't. It's not complicated with markets.

2 THE COURT: Let me hear from Syncora's counsel.

3 MS. BARRAGE: Okay.

4 MS. COELHO: Good afternoon, Your Honor. I'm Sara
5 Coelho from Weil. We represent Syncora Guarantee, Inc. Before
6 I address my own arguments, I'd like to respond to some of the
7 things that the debtors and the committee have -- had said.

8 First of all, they have framed this up as some kind of
9 plan or confirmation issue. This is not a confirmation issue.
10 This is an issue of whether or not Syncora can assert a cure
11 claim with respect to a -- what in this case is a very small
12 sale. And if Syncora prevails in asserting a large cure claim,
13 one of two things will happen. Either Syncora will have to
14 agree to compromise that claim, or the debtors will end up
15 walking away from the sale.

16 So first of all, what is being decided here today will
17 have --

18 THE COURT: Well, they can decide --

19 MS. COELHO: Well, and Syncora would have to prove out
20 the cure claim.

21 THE COURT: They can simply just reject the
22 contract --

23 MS. COELHO: That's right.

24 THE COURT: -- they'll just reject the contract.

25 MS. COELHO: That's right. And they will have to

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1 consider, if they reject the contract, whether there are
2 rejection damages; I expect there will be substantial ones.

3 THE COURT: Your unsecured rejection damage claim is
4 going to get paid at a fraction of what you could negotiate a
5 cure claim. Okay. But that's your problem.

6 MS. COELHO: That's right. And we understand all of
7 that. And all of those issues are for another day. But I
8 think it's important to keep the --

9 THE COURT: So why didn't you file --

10 MS. COELHO: -- to keep the record clear what the
11 focus is today.

12 THE COURT: Why didn't you file a cure claim by the
13 bar date?

14 MS. COELHO: We -- when we looked at the sale -- at
15 the sale that was proposed last summer, it was a very defective
16 sale with a severe severance of contracts that proceeded in a
17 way that was very novel and unusual. And we made an assessment
18 of how to proceed in objecting. And we decided at that time --

19 THE COURT: Everybody files a protective claim.

20 MS. COELHO: -- to object.

21 THE COURT: I mean, any --

22 MS. COELHO: We decided at that time to file an
23 objection. We vigorously file -- we vigorously objected. We
24 did, in the second objection deadline, assert a cure claim, and
25 the debtors --

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1 THE COURT: It's not a proof of claim.

2 MS. COELHO: -- responded. And I --

3 THE COURT: It's not a claim.

4 MS. COELHO: The debtors responded by --

5 THE COURT: Putting a footnote --

6 MS. COELHO: -- removing us.

7 THE COURT: -- in a brief is not a claim.

8 MS. COELHO: The debtors were well aware of that claim
9 and they respond -- instead of objecting to that claim, and
10 instead of objecting --

11 THE COURT: You didn't file a claim. They didn't have
12 to object to a claim. You put a footnote in a brief; you
13 didn't file a claim.

14 Do you have any authority that says after a contract
15 is removed from a schedule for assumption and rejection, and
16 the debtor later decided to file a motion to assume, that a
17 different bar date applies? Do you have any case -- I want --
18 I don't -- I didn't find anything.

19 I asked Ms. Barrage and she doesn't have any. I'm
20 asking you specifically. I want a direct answer to this
21 question. Do you have any authority that says that a different
22 bar date would apply when a contract is later sought to be
23 assumed?

24 MS. COELHO: The authority for bar -- bar dates have
25 to be set very clearly --

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1 THE COURT: Could you answer my question? Do you have
2 any --

3 MS. COELHO: I --

4 THE COURT: -- case --

5 MS. COELHO: I --

6 THE COURT: -- authority dealing with this situation?

7 MS. COELHO: I --

8 THE COURT: Yes or no? Yes or no?

9 MS. COELHO: This particular --

10 THE COURT: Yes.

11 MS. COELHO: -- fact pattern --

12 THE COURT: Yes.

13 MS. COELHO: I have not found a case --

14 THE COURT: Okay.

15 MS. COELHO: -- on this particular --

16 THE COURT: All right.

17 MS. COELHO: -- fact pattern.

18 THE COURT: Thank you for answering my question.

19 MS. COELHO: I don't --

20 THE COURT: Stop.

21 MS. COELHO: -- say that there --

22 THE COURT: Stop. When I ask a direct question, I
23 expect a direct answer. Once I get the answer, I will allow
24 counsel to continue to argue. I will continue to interrupt you
25 until you answer a direct question that I ask. Do you

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1 understand that?

2 MS. COELHO: I do.

3 THE COURT: Do you have any authority directly on
4 point?

5 MS. COELHO: Directly --

6 THE COURT: Yes or no?

7 MS. COELHO: -- on this fact pattern --

8 THE COURT: Yes.

9 MS. COELHO: -- no.

10 THE COURT: Okay. Go ahead and give us your argument.

11 MS. COELHO: So it is very clear today that what we
12 are arguing over is simply whether Syncora can assert a cure
13 claim.

14 THE COURT: Simple?

15 MS. COELHO: We're not arguing over -- we are not
16 arguing over what assumptions people made in a mediation that
17 we were not a part of. I would just say that --

18 THE COURT: This has got nothing to do with --

19 MS. COELHO: -- there was a proof a claim --

20 THE COURT: -- mediation.

21 MS. COELHO: -- there were schedules --

22 THE COURT: This has --

23 MS. COELHO: -- per Duff & Phelps.

24 THE COURT: Mr. Coelho --

25 MS. COELHO: Okay.

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1 THE COURT: Stop. This has nothing to do with
2 mediation. I don't want to hear about mediation.

3 MS. COELHO: Okay. I agree. Thank you.

4 I want to clarify some of the facts on what happened
5 at the sale last year. Because what happened at the sale was
6 not that the debtors reserved their rights to continue the
7 Syncora -- litigating over the Syncora objections as though it
8 was an adjourned objection.

9 What the debtors did at the sale was withdrew their
10 motion as to the Syncora contracts entirely. And I think the
11 record is very clear on that point. The transcript that Ms.
12 Barrage gave Your Honor is very clear on that point. Both the
13 debtors and the committee said that if they were to assume the
14 contracts later, it would be by separate motion.

15 I have written confirmation from Ms. Barrage that they
16 were initially removing the contracts from the sale entirely
17 and that they would not be sold to Ocwen. They did, then,
18 later add the contracts back into the sale and then removed
19 them again, because they didn't want our objection to be heard
20 at the sale hearing.

21 So I think that we have a lot of evidence on the
22 record that both the debtors and the committee and, certainly,
23 Syncora all thought that these contracts were not being -- the
24 dispute with respect to these contracts was not being
25 adjourned; it was being -- the con -- the motion was being

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1 withdrawn with respect to these contracts.

2 The sale procedures order is very clear that it sets a
3 deadline only with respect to assumed contracts. And it
4 defines assumed contracts. And it uses -- and it says at
5 paragraph 22 that assumed con -- that contracts fail to be
6 assumed --

7 THE COURT: So stop for a second. What Ms. Barrage
8 has argued in her papers is that this contract was on a
9 schedule for assumption until the bar date had come and gone --
10 the bar date for cure claims had come and gone. It's only a
11 month after that that they removed it. Do you agree with that?

12 MS. COELHO: Yes, I do agree with that.

13 THE COURT: Okay.

14 MS. COELHO: They removed it after --

15 THE COURT: So the consequence -- what's the
16 consequence? The issue is, it was -- this contract was listed
17 on the schedule for assumption. There was a bar date set for
18 filing cure claims. No claim was filed by the bar date. It
19 was only after that that this contract was removed. So what's
20 the consequence of that?

21 MS. COELHO: Pursuant to the terms of that order,
22 setting that bar date, once the contract is removed, that bar
23 date does not apply.

24 THE COURT: Where is that in the order?

25 MS. COELHO: That is -- if you read paragraph 22(d) --

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1 THE COURT: What does it day?

2 MS. COELHO: Excuse me; 21(d) has the definitions for
3 cure amounts in assumed contracts. I have copy of the order.
4 Would you like me to bring it --

5 THE COURT: No; why don't you just --

6 MS. COELHO: -- the bench?

7 THE COURT: -- read me that paragraph?

8 MS. COELHO: Okay. 22(d) says, "On or before" -- this
9 is where the definitions are located. -- "On or before July
10 25th, the debtor shall file a schedule (the schedule) of
11 contracts that Nationstar has designated to be assumed and
12 assigned" -- defined as the Assumed Contracts -- "including the
13 cure amounts related to such assumed contracts" -- defined the
14 Cure Amounts. And then it goes on to talk about service of
15 that schedule.

16 The next paragraph, paragraph 22 says, "Subject to
17 certain exceptions expressly provided for in the Nationstar
18 APA, Nationstar shall be entitled to remove any assumed
19 contract from the relevant schedule until two business days
20 prior to the closing date, in which case, the contract release
21 shall cease to be an Assumed Contract." And there it uses --
22 it capitalizes the A, it capitalizes the C, and uses the
23 defined the defined term for assumed contract used throughout
24 the order.

25 Paragraph 28 establishes the consequences for failure

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1 to file a cure claim by the deadline. It says, "Any Contract
2 Objection" -- capital C, capital O -- "that challenges a Cure
3 Amount" -- as -- using the defined term; capital C, capital
4 A -- "or otherwise asserts that there exist outstanding
5 defaults under an Assumed Contract" -- again, the defined
6 term -- "must set forth with specificity the Cure Amount" -- as
7 defined using the defined term -- "being claimed by the
8 objecting party, or the nature of the asserted default, as
9 applicable. It must include appropriate documentation in
10 support thereof, satisfactory to the debtors and Nationstar or
11 BH, as applicable.

12 "If no objection to the cure amount or the proposed
13 assumption and assignment of an Assumed Contract" -- using the
14 defined term -- "is timely filed and served, the pertinent
15 debtor may assume and assign the assumed contract to Nationstar
16 or BH, or, alternatively, to the successful bidder for the
17 applicable purchased assets, and the Cure Amount" -- defined
18 term, again -- "set forth in the assumption and assignment
19 notice, shall be binding on all non-debtor parties to the
20 Assumed Contracts" -- defined term, again -- "any known third-
21 party beneficiaries to such Assumed Contracts" -- defined term
22 again -- "all trustees, certificate holders, investors, rating
23 agencies, mortgage insurers, and any parties to any pooling and
24 servicing agreements, assignment, assumption, and recognition
25 agreements, servicing agreements, sub-servicing agreements, or

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1 similar agreements, collectively the Assumption Notice Parties,
2 for all purposes in such debtors' Chapter 11 case.

3 "The respective Assumption Notice Parties shall be
4 forever barred from (1) objecting to the assumption and
5 assignment of the relevant Assumed Contract" -- using the
6 defined term -- "and or Cure Amount" -- using the defined
7 term -- "and (2) asserting at any time, any condition to
8 assignment default claims, obligations, or breach, or any
9 additional cure damage or other amount with respect to the
10 respective Assumed Contracts" -- using the defined term --

11 THE COURT: So I don't see anything in what you've --
12 I don't hear anything in what you've read me that gives you a
13 do over if your contract is listed on a schedule; the bar
14 date -- you clearly got notice of the bar date for cure claims;
15 you didn't file one. I don't -- nothing that you've read to
16 me -- and I'm going to back and see it -- says you get a do
17 over, which is what you're asking for.

18 MS. COELHO: What I am saying is that this order does
19 not establish a bar date with respect to contracts that are not
20 ultimately assumed and assigned.

21 THE COURT: I don't read it that -- I don't --

22 MS. COELHO: It's not a --

23 THE COURT: I don't --

24 MS. COELHO: -- do over.

25 THE COURT: I don't understand it that way at all.

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1 But here's what -- stop.

2 MS. COELHO: It's a new motion.

3 THE COURT: Stop. I'm adjourning this matter until I
4 hear the objection to the claim. At that time, I'll decide how
5 to proceed. Whether it's a contested matter -- I mean,
6 because, Ms. Barrage, you're -- you've objected to the claim
7 and are seeking to have it expunged because you believe there
8 is no pre-petition cure claim, right?

9 MS. BARRAGE: That's correct, Your Honor. We -- may I
10 just say, we have a reply due, because last week Syncora filed
11 amendments to its original proof of claim. And so those
12 arguments will be baked into our reply.

13 THE COURT: Okay. All right. I'm going to hear this
14 all together. I mean, it seems to me -- they're interesting
15 arguments. I don't find Weil's position particularly
16 sympathetic, frankly. The cure -- the bar date for cure claims
17 was quite clear. Lots of other parties did exactly that. And
18 as is typical, a decision whether to assume or reject a
19 contract, ultimately, is frequently based on what do they say
20 the cure claim is?

21 Maybe you sit down and you negotiate and decide
22 whether it's not with the candle; we're not going to assume
23 that contract; the buyer's not going to assume it.

24 And what do they do? How do they decide that? They
25 decide it by looking at the cure claims, in part, that are

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1 filed. All right. Because that sort of lays -- that puts the
2 landscape down for here, for Ocwen to decide, ah, this is nuts;
3 it's going to cost too much to try and resolve this; I'm not
4 going to do it. So they say, hey, there is no cure claim
5 that's been timely filed.

6 So I don't -- from a policy standpoint, I have a lot
7 of problems with your arguments, Ms. Coelho. But I'm not
8 deciding any of it today. I want to hear this all together. I
9 want to look at -- if you filed a proof of claim against the
10 wrong debtor, I don't know why Ocwen wants to even bother with
11 this one at this point. It may just be simpler for them to
12 say, not worth doing this. Okay.

13 I would suggest you spend your time seeing if you can
14 negotiate this out. You stand on your rights, and you may wind
15 up with no rights at the end of the day. Okay.

16 So I'm adjourning this matter. What I would like
17 is -- I want to know when this is back on the calendar. And it
18 is --

19 MS. BARRAGE: Your Hon --

20 THE COURT: -- because we got a really crowded
21 calendar.

22 MS. BARRAGE: Understood, Your Honor.

23 THE COURT: This is an important enough matter that I
24 don't want it coming on when I got thirty other matters on the
25 calendar.

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1 MS. BARRAGE: Understood. Does Your Honor have a
2 preference for a particular date?

3 THE COURT: I don't --

4 MS. BARRAGE: We'll work --

5 THE COURT: -- at this point.

6 MS. BARRAGE: -- around your schedule.

7 THE COURT: Get some dates from Deanna and I -- before
8 it's finally set, I want to know. Because this is not a run of
9 the mill dispute.

10 MS. BARRAGE: Understood.

11 THE COURT: I want to be able to spend sufficient time
12 on it.

13 MS. BARRAGE: Okay.

14 THE COURT: Okay.

15 MS. BARRAGE: Thank you, Your Honor.

16 THE COURT: Thank you very much.

17 MS. COELHO: Thank you.

18 MR. MARINUZZI: Your Honor, thank you. I believe that
19 brings us to the omnibus claims objections --

20 THE COURT: Yeah.

21 MR. MARINUZZI: -- which begin on page 20 of the
22 agenda.

23 THE COURT: All right.

24 MR. MARINUZZI: And Jordan Wishnew from my office will
25 be handing those matters.

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1 THE COURT: Okay.

2 MR. MARINUZZI: Thank you.

3 THE COURT: Thank you.

4 MR. ECKSTEIN: Your Honor, may I be excused?

5 THE COURT: Absolutely, Mr. Eckstein. Thank you.

6 Anybody who wants be excused can be excused.

7 Go ahead.

8 MR. WISHNEW: Thank you, Your Honor. Jordan Wishnew,
9 Morrison & Foerster, counsel for the debtors. We're here, Your
10 Honor, in regards to (VI), omnibus claims objections, beginning
11 on page 20 of today's agenda.

12 The first few matters are adjourned. Those would be
13 matters 1 which deals with the first omnibus claims objection
14 and is getting carried to October 2nd.

15 The matter number 2, the tenth omnibus claims
16 objection that is getting carried to September 24th.

17 Item 3, the eleventh omnibus objection, that is
18 getting carried to October 23rd, although I understand that
19 will actually be adjourned further because of preexisting
20 scheduling, I think, with the JSON matter.

21 And then the item number 4, the thirteenth omni, that
22 has large -- has been resolved as to one matter, and is --
23 again -- will get kicked into late October.

24 So that brings us to matter number 5, the seventeenth
25 omnibus objection, misclassified borrower claims. With respect

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1 to this matter, I'm going to cede the podium to my colleague,
2 Meryl Rothchild, who will address this matter, and then I will
3 pick back up on matter number 6, the eighteenth omni.

4 THE COURT: Thank you.

5 MS. ROTHCILD: Good afternoon, Your Honor. Meryl
6 Rothchild of Morrison & Foerster, on behalf of the debtors. As
7 Mr. Wishnew stated, next on the agenda is the debtors'
8 seventeenth omnibus objection to claims, misclassified borrower
9 claims, filed at docket number 4151.

10 Through the seventeenth omnibus claims objection, the
11 debtors seek to reclassify certain borrower claims that
12 improperly asserted either a security interest or a priority
13 claim against the debtors -- excuse me -- under Section 503,
14 506, or 507 of the Bankruptcy Code, for all or a portion of
15 those claims.

16 Last week the Court entered an order granting the
17 relief sought through this objection as to uncontested matters,
18 which was entered at docket number 4953. Today the debtors
19 request that the Court extend this relief as to the claims of
20 the respondents who filed responses to the objection, of which
21 there are four.

22 While only two of these matters are going forward, for
23 the record, I'll list all four responses. These include the
24 response filed by Mr. Perry Goerner, which hit the docket twice
25 at docket numbers 4469 and 4579, in connection with claim

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1 number 3515. This matter will be going forward.

2 The objection filed Mr. Anthony Davide at docket
3 number 4651 in connection with claim number 482. This matter
4 will also be going forward.

5 The response filed by Mr. and Mrs. James Derouin at
6 docket number 4752 in connection with claim number 4750. This
7 response was withdrawn as reflected by the notice of withdrawal
8 filed by SilvermanAcampora on behalf of the Derouins at docket
9 number 4964.

10 And lastly, the response filed by Ms. Michelle Renee
11 Strickland at docket number 4338 in connection with claim
12 number 2371. And, Your Honor, this response expressly states
13 that Ms. Strickland does not oppose the debtors' proposed
14 reclassification of her claim as a general unsecured claim.

15 The debtors addressed these responses in their reply
16 in support of the seventeenth omnibus claims objection filed at
17 docket number 4843. As stated in the objection and the reply
18 as well, the debtors are not seeking to expunge these claims,
19 but merely reclassify them on the claims register.

20 If it pleases the Court, we can address the two
21 remaining objections going forward --

22 THE COURT: Sure. Go ahead.

23 MS. ROTHCILD: -- in the order in which they're
24 listed.

25 THE COURT: Yeah.

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1 MR. WISHNEW: Okay. That would lead us to begin with
2 Mr. Goerner. So I'll leave it to Mr. Goerner to explain the
3 basis of his proof of claim and his asserted secured claim.
4 But as set forth in the objection and the reply, the debtors
5 have reviewed the proof of claim, the response and the
6 supporting documentation. And the claim, as an initial matter,
7 appears to be based on alleged pre-petition general unsecured
8 liabilities.

9 In addition, the proofs of claim -- the proof of
10 claim, apologies -- does not include documents that evidence
11 the asserted secured status. The Bankruptcy Rules, the proof
12 of claim form itself and the bar date order all require that
13 such documentation be provided.

14 As stated before, the debtors are not seeking to
15 expunge Mr. Goerner's claim or challenge the merits at this
16 point in time; we are simply seeking to reclassify it so that
17 its proper nature and priority are reflected on the claims
18 register.

19 So at this point, if Mr. Goerner is in attendance,
20 possibly telephonically --

21 THE COURT: Let me ask, is Mr. Goerner present in
22 court or on the telephone?

23 MR. GOERNER: On the telephone, I'm Perry Goerner.

24 THE COURT: Go ahead, Mr. Goerner, let me hear your
25 argument.

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1 MR. GOERNER: Okay. I sent them other documents
2 because I didn't have -- I'm mentally disabled, I'm very slow,
3 so please bear with me. I didn't have any other documents at
4 the time because they weren't available to me. But when I
5 when Ocwen had bought the mortgage, they sent me copies that
6 GMAC had given them that were produced in January of 2011. I
7 don't know if you have all of these documents in front of you
8 that I sent into the Court, it was over 180 documents. Do you
9 have those or no?

10 THE COURT: I have access to them.

11 MR. GOERNER: I don't know if you do.

12 THE COURT: I have --

13 MR. GOERNER: I have exhibits that are 180 pages that
14 I sent to the Court.

15 THE COURT: Yeah. Mr. Goerner, the issue --

16 MR. GOERNER: Yes.

17 THE COURT: -- as I understand it --

18 MR. GOERNER: Okay.

19 THE COURT: -- is whether you have a secured claim.
20 This is not an objection seeking to expunge your claim, which
21 would basically totally deny it for any purpose, but seek to
22 reclassify what you filed as a secured claim as a general
23 unsecured claim. That's really the issue I have before me
24 today. That doesn't mean that the debtor won't come back at
25 another time and argue that your claim should be expunged in

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1 its entirety.

2 As I understand the basis for your claim, you argue
3 that GMAC Mortgage, through their fraudulent and predatory
4 mortgage servicing practices, is obligated to you, and you seek
5 to void the mortgage note and make it unenforceable. But I
6 don't -- what I don't understand is why you think you have a
7 secured claim as opposed -- you may have an unsecured claim, I
8 don't know, that's not the issue for today.

9 MR. GOERNER: Okay. The only reason why I put it in
10 as a secured claim, is because this is a mortgage note, it's a
11 secured note on my house. I'm trying to save my house. The
12 mortgage company took a fraudulent mortgage; they made up
13 income that I did not have; I haven't worked since eleven
14 months before I got the mortgage. I told the closing person I
15 could not afford the mortgage; I did not have the income to
16 make this mortgage work; that I was permanently disabled and
17 I'm disabled up until now. I don't work. I'm dizzy every day,
18 I have ringing in my ears. And at the time of the closing I
19 was on medication because he was two and half hours late for
20 the closing. I didn't take any medication, but after he was
21 late, I really needed it. I did not drive to the closing; I
22 could not drive.

23 So when he came in, he presented me with fifty-seven
24 pages of papers. I started to sign, I asked for it to be
25 stopped, because I couldn't read any of these papers. I had

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1 never seen them before. And he continued to close, I stopped
2 signing and left the closing room.

3 I'm saying that I have a claim, a secured claim,
4 because I'm now in foreclosure. They've started -- Ocwen has
5 started foreclosure proceedings against me. This mortgage
6 company did a wrong to me by making up numbers for my income
7 and altering the mortgage papers. They signed papers that I
8 did not sign. They should be held responsible for their
9 actions. I don't want them to be -- I want to be able to do
10 something against these people. I've been to the Sussex County
11 attorneys and -- for my disability, and they don't have the
12 money for an attorney. I cannot get an attorney. And if I
13 don't protect my claim in this bankruptcy case, I'm afraid I
14 could lose my foreclosure defense in State Court if this
15 complaint is discharged from bankruptcy court.

16 THE COURT: Well, the issue today -- and I understand
17 the arguments you're making -- but the issue today is not
18 whether your claim is disallowed and expunged, but whether it
19 should be reclassified as a general unsecured claim. To have a
20 secured claim --

21 MR. GOERNER: But it -- I'm sorry, go ahead.

22 THE COURT: No -- to have a secured claim, you have to
23 be able to show some documentation that would support -- I
24 understand that you believe you have serious issues to raise,
25 but that doesn't -- that in and of itself does not make it a

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1 secured claim.

2 Let me ask you first, have you -- did you have any
3 conversations the creditors' committee's special borrowers'
4 counsel about your circumstances and the claim you're
5 asserting?

6 MR. GOERNER: No, I don't even know what that is.

7 THE COURT: Okay. The -- Mr. Nosek, do you know
8 whether anybody in your office -- I'm going to let one of the
9 other lawyers from SilvermanAcampora who's special borrowers'
10 counsel. He -- special borrowers counsel was counsel that was
11 appointed as counsel to the creditors' committee to deal with
12 borrowers' issues, and in many circumstances --

13 MR. GOERNER: Well, I think --

14 THE COURT: Hold on, stop.

15 MR. GOERNER: Okay.

16 THE COURT: Mr. Goerner, stop. In many circumstances,
17 and I thought here, that they had spoken with borrowers who've
18 asserted claims. Mr. Nosek are you able to shed any light on
19 this?

20 MR. NOSEK: Your Honor, I am. Robert Nosek,
21 SilvermanAcampora, special borrower counsel to the committee.
22 On August 2nd, 2013 Brian Powers, an attorney in our office
23 who's under my supervision, reached out by e-mail to Mr.
24 Goerner. He also -- Mr. Powers also spoke on August 5th of
25 this year, as well as August 19th of this year with Mr. Goerner

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1 in an attempt to figure out what was the basis for this -- the
2 claim as a secured claim. Again, not as whether or not he had
3 a claim but whether it was a secured claim or not. We were
4 unable to resolve that issue with him.

5 THE COURT: Okay, but there was a conversation.

6 MR. NOSEK: There was two separate conversations. The
7 second conversation, Ms. Rothchild was also on the phone with
8 Mr. Powers.

9 THE COURT: All right. Mr. Goerner, is it correct
10 that you did have a conversation with Mr. Powers?

11 MR. GOERNER: Yes, I didn't understand what you said.

12 THE COURT: That's fine.

13 MR. GOERNER: But, I never received an e-mail, because
14 they don't have my e-mail address. Also I did talk to Mr.
15 Powers --

16 THE COURT: Yes.

17 MR. GOERNER: -- and I pointed out the Exhibit number
18 9 where there were alterations on it. Then the one that he
19 gave me is not the copy of the same mortgage. I never received
20 any signed copies; all I had were blank copies to take home
21 with me because I asked for another appointment. Now when I
22 said this to Mr. Silverman -- no, it was Powers --

23 THE COURT: Yes.

24 MR. GOERNER: -- he brought up the documents that he
25 had in front of him from the Ocwen and he didn't have the

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1 document in front of him that was altered. That was the same
2 one that Ocwen had, which is Exhibit number 29. So Exhibit
3 number 9 is the altered mortgage that was actually recorded in
4 the Sussex County records. That's the ones that's recorded and
5 does not have a signature page at all.

6 THE COURT: Okay.

7 MR. GOERNER: So, I'm saying that this mortgage should
8 be secured because of my claims against it.

9 THE COURT: Okay.

10 MR. GOERNER: So it should be a secured mortgage so
11 that --

12 THE COURT: All right.

13 MR. GOERNER: -- they can't get away with this.

14 THE COURT: All right, what I'm going to do is --

15 MR. GOERNER: That's all I'm saying, that's all.

16 THE COURT: Okay.

17 MR. GOERNER: I don't know if I'm right or wrong --

18 THE COURT: Okay.

19 MR. GOERNER: -- but I'd really --

20 THE COURT: I --

21 MR. GOERNER: Go ahead.

22 THE COURT: I'm going to take the matter under
23 submission and I'll enter an appropriate order. I want to
24 think about this some, Mr. Goerner. Thank you very much for
25 participating by telephone. And an order will be entered; and

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1 I request that the debtors counsel make sure that the copy of
2 whatever order I enter be served by mail on Mr. Goerner. Okay?

3 MS. ROTHCCHILD: Absolutely.

4 MR. GOERNER: Thank you very much.

5 THE COURT: Thank you very much, Mr. Goerner.

6 MR. GOERNER: Listening to you all today, this has
7 been fantastic.

8 THE COURT: Okay.

9 MR. GOERNER: Thank you.

10 THE COURT: Thank you.

11 MR. GOERNER: Bye-bye.

12 THE COURT: All right, so that one is under
13 submission.

14 MS. ROTHCCHILD: Thank you, Your Honor. Next is the
15 objection filed by Mr. Davide. If he's in attendance
16 telephonically, I defer to him.

17 THE COURT: All right, Mr. Davide, are you on the
18 telephone? Any representative of Mr. Davide in court or on the
19 telephone? All right, why don't you briefly address this one
20 if you would?

21 MS. ROTHCCHILD: Absolutely, Your Honor. So, in
22 connection with Mr. Davide's claim, the debtors as well as
23 SilvermanAcampora reviewed the proof of claim as well as the
24 response and the filed statements and supporting documentation
25 to that proof of claim. Again similar to Mr. Goerner's issues,

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1 but -- sorry, not similar -- similar to the extent that these
2 claims appear to be for alleged pre-petition general unsecured
3 liabilities, we are not, again, address --

4 THE COURT: The allegation by Mr. Davide here is that
5 GMAC Mortgage improperly applied funds to his mortgage account,
6 as loan or escrow payments. They did not segregate the funds
7 pursuant to an arrangement which he claims was ordered by the
8 Florida Court. Is that correct?

9 MS. ROTHCCHILD: Yes, that is correct, Your Honor.

10 THE COURT: All right.

11 MS. ROTHCCHILD: And there were no documents appended
12 to either the proof of claim or response purporting to show
13 that the claimant had a lien against the debtors or a valid
14 security interest in any way --

15 THE COURT: All right.

16 MS. ROTHCCHILD: -- in connection with this matter.

17 THE COURT: All right. The objection is sustained,
18 and claim 482 by Anthony Davide is reclassified as a general
19 unsecured claim.

20 MS. ROTHCCHILD: Thank you, Your Honor. And that is
21 all for the --

22 THE COURT: Thank you very much

23 MS. ROTHCCHILD: -- seventeenth omnibus objection.
24 Thank you.

25 MR. WISHNEW: For the record, Your Honor, again,

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1 Jordon Wishnew, Morrison & Foerster for the debtors.
2 Continuing with the agenda, matter 6 on page 23, the eighteenth
3 omnibus objection. I'll try and address this in more of a
4 summary matter since the basis for the objection for omnis 18,
5 19, 20, and 21 are all similar, that is, insufficient
6 documentation in support of the claims.

7 These objections were carried over originally from the
8 late August hearing dates. In the interim the Court has
9 entered orders as to those matters that were unopposed. And so
10 there are only seven claims going forward today with regards to
11 these four omnibus objections. Specifically, with regards to
12 the eighteenth omnibus, the claim of Brian Edmond Bath, claim
13 1138 and the claim of Ailette Cornelius, claim 5286.

14 THE COURT: All right, is Mr. Bath or Ms. Cornelius on
15 the telephone?

16 So with respect to Bath, as I understand it, he argues
17 that GMAC failed to comply with loan modification requirements.
18 And --

19 MR. WISHNEW: If I may, Your Honor, not to interrupt
20 your thoughts.

21 THE COURT: No, go -- I'm searching through my notes,
22 I need some help here, but I understand he's asserting a claim
23 under the Fair Credit Reporting Act.

24 MR. WISHNEW: So we have -- what has led to these
25 objections is an extensive, let's call it, informal discovery

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1 process that we've undertaken in connection with our claims
2 objection reconciliation process. As provided for in our
3 claims objection orders, with regards to borrower claims, we
4 haven't just gone straight to an objection. We've -- our --
5 the company has taken the step in consultation with Mr. Nosek's
6 firm and Kramer Levin to prepare somewhat customized letters
7 to --

8 THE COURT: I -- look, let me just say, I underst --
9 I'm only cutting you off because I reviewed the procedures
10 order.

11 MR. WISHNEW: Right.

12 THE COURT: I reviewed the form of the communication
13 that gets sent to the borrowers; and we're now dealing with
14 borrowers who responded.

15 MR. WISHNEW: Right.

16 THE COURT: As to those who didn't respond, I've
17 already entered orders, okay.

18 MR. WISHNEW: And the only reason for trying to
19 provide some of that background was that in this regard to
20 the -- for Mr. Bath we just -- we have no information from him.
21 The informal request letter, we didn't get a response to. The
22 information he's given in connection with his response still
23 doesn't trigger anything in our books and records that shows we
24 have a responsibility or a liability to him. So --

25 THE COURT: Well, let me ask you this. Did -- I'm

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1 particularly sensitive with respect to claims that relate to
2 requested loan modifications. And don't take it personally,
3 it's got nothing to do with this debtor, but having lived
4 through the Chapter 13 calendar for two and half years, I can't
5 tell you how many times lenders would say we never got the
6 request; it was incomplete. And borrowers are saying I've sent
7 it to them four times and I've got FedEx receipts, I've got
8 registered mail receipts. And this has been this giant
9 divide --

10 MR. WISHNEW: Um-hmm.

11 THE COURT: -- where again, not -- this might not
12 apply to ResCap -- but --

13 MR. WISHNEW: May I propose the following?

14 THE COURT: It's a recurring problem. And so it
15 doesn't apply to these specifically. When I get an affidavit
16 from a lender that we have a books and record objection, we
17 have nothing in our books and records, an it doesn't say
18 whether -- what search was done, whether there was a loan
19 modification request, whether the borrower was put on a trial
20 modification and whether there a decision denying a
21 modification, et cetera. So, forgive me, but I'm very
22 skeptical when I just get -- I am -- look, a procedures order
23 got entered.

24 MR. WISHNEW: Yes.

25 THE COURT: It required they do certain things. Some

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1 of them did nothing, those have gotten sustained.

2 MR. WISHNEW: Right.

3 THE COURT: Okay. But once a borrower does file
4 something, it may -- and they don't have lawyers, it may not be
5 the most coherent piece of paper that anybody's ever filed. So
6 I need to know what was done with respect to Bath and Cornelius
7 specifically.

8 MR. WISHNEW: Sure. Let me -- I'll defer the podium
9 to Mr. Nosek.

10 THE COURT: Okay. Mr. Nosek?

11 MR. NOSEK: Your Honor, with regard to Mr. Bath, after
12 his objection or his response was filed, the debtors reached
13 out to us and Mr. Powers of our firm reached out by phone
14 message to Mr. Bath. We were then subsequently advised that he
15 wished to only commit -- communicate by e-mail. Which on
16 August 5th, Mr. Powers wrote an e-mail to him explaining who we
17 were and that we would like to work with him in an attempt to
18 resolve the claim objection. His response was, "Brian, how do
19 you -- how does your client wish to resolve my claim? I have
20 been putting my complaint together against GMAC with your
21 client will be added for fraud defamation, violations of FCRA,
22 FDCPA to name a few counts. I would prefer to communicate via
23 e-mail."

24 At that point we believed that it would not be
25 appropriate continue to communicate. Basically he was just

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1 going to sue anybody and everybody and that any further
2 communications with him would not produce anything and that if
3 wanted to defend his claim, he should come to the Court to do
4 so.

5 THE COURT: Let's move on to Cornelius. Can you
6 address Cornelius, Mr. Nosek?

7 MR. NOSEK: Yes, Your Honor. With regard to Mr.
8 Cornel -- or --

9 THE COURT: It's a woman, I think.

10 MR. NOSEK: Ms. Cornelius, I believe.

11 THE COURT: Yes.

12 MR. NOSEK: On August 19th of this year, Brian Powers
13 spoke with the claimant where we gave our mailing address and
14 suggested that she mail him any information she may have to
15 support her claim. On 8/28 we called again and provided
16 information with regard to CourtCall information. On September
17 4th of this year, Mr. Powers again spoke with the claimant who
18 had stated that she had spoken with Ms. Rothchild about the
19 matter. But we were, I don't want to go into the notes of what
20 she said --

21 THE COURT: Yes.

22 MR. NOSEK: -- in response --

23 THE COURT: Right.

24 MR. NOSEK: But she did -- she indicated that she --
25 that Brian indicated to me that she believed she had a claim,

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1 so we were unable to resolve this. So we did have several
2 communications with the claimant and were unable to resolve
3 this particular objection.

4 THE COURT: Okay.

5 MR. NOSEK: But again, also on 9/4 we again sent the
6 CourtCall information for today's hearing.

7 THE COURT: All right. Do -- can you shed -- somebody
8 shed light on where does Mr. Bath or Ms. Cornelius live?

9 MR. WISHNEW: One minute, Your Honor.

10 MR. NOSEK: For Ms. Cornelius, I have an address in
11 Hartford, Connecticut.

12 THE COURT: Okay, and Mr. Bath?

13 MR. NOSEK: With Mr. Bath, we have an address in
14 Naples, Florida.

15 THE COURT: Okay. All right. What I'm going to do
16 with respect to Bath and Cornelius -- I'm determining that both
17 of them raised contested matters, and I want to set a hearing
18 not -- you can set both of them -- there may be some more --
19 not for an omnibus date. You'll have to get a date from
20 Deanna. And I would like the debtors in consultation with
21 special borrowers' counsel to prepare a procedures order for
22 the contested matters that should set dates for the exchange of
23 any documents in support of or opposition to the claim.

24 MR. WISHNEW: If I may I ask a question, Your Honor?

25 THE COURT: Go ahead.

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1 MR. WISHNEW: So with regards to this procedures
2 order, is this something you would like for us to implement
3 going forward for all borrower claims?

4 THE COURT: We'll see whether we do this for -- it's
5 not going to be all borrowers, no. Right now we're dealing
6 only with ones who filed something in response.

7 MR. WISHNEW: Well that -- right, that's my question.

8 THE COURT: No, it's -- it isn't going to be -- you'll
9 see as we go through these, there are some where I am prepared
10 to rule and there are some where I'm not.

11 MR. WISHNEW: Okay.

12 THE COURT: Okay?

13 MR. WISHNEW: Very good.

14 THE COURT: So the procedures order -- and you can
15 lump these two together -- it's going to require an appearance
16 in person by the borrower, not by telephone. So the procedures
17 order should -- they have to appear in person, they have to
18 provide any documents in support of, and you've got to provide
19 any documents in opposition to the claim by date certain, at
20 least two weeks in advance of the hearing. And any doc -- the
21 order should provide -- the procedures order should provide any
22 documents not exchanged in advance will not be considered by
23 the Court at the hearing.

24 Provide for a memorandum of law, or we'll call it
25 statement of position, these are people without lawyers,

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1 likewise exchanged and filed by that date two weeks before.
2 I'm trying to -- what I'm trying do is come up with simplified
3 procedures, because we're dealing with pro se's; and the order
4 should provide failure to appear at the hearing will result in
5 sustaining of the objection to the claim. You can prepare --
6 confer with committee's counsel, submit a proposed order, I'll
7 review it. And I'm not trying to create a monster of a
8 hearing, but I believe these people are entitled to, having
9 filed a response -- it may not be crystal clear. If it relates
10 to a loan modification, the debtor better search its records
11 and find out whether it has any record of a borrower filing an
12 application for a loan modification and any communications
13 relating to it. That's -- Bath is complaining about -- appears
14 to be complaining about having sought a loan modification.
15 Whether he did or not, I don't know.

16 MR. WISHNEW: If I could just say in that regards,
17 Your Honor?

18 THE COURT: Go ahead.

19 MR. WISHNEW: That has, in terms of searching our
20 servicing records, that is absolutely the practice that we have
21 been following. And the only issue, which I think is unique to
22 Mr. Bath is because we never got a loan number from him and the
23 Experian credit statement that he attached to his response
24 didn't give us any information; nothing tripped anything in our
25 records.

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1 THE COURT: So --

2 MR. WISHNEW: So hopefully this will --

3 THE COURT: Okay.

4 MR. WISHNEW: -- give us the information we need to do
5 that more thorough books and records search.

6 THE COURT: So, and along with exchanging the
7 documents, put in a -- from the debtors, submit a declaration
8 specifically as to what was done with respect to Bath, okay?

9 MR. WISHNEW: Yup.

10 THE COURT: And at the time of the hearing I'll
11 consider admitting that. You don't have to sort of -- but I
12 want a simplified procedure. Whether people are going to show
13 up or not, I don't know. We can lump a group of these
14 together. Bath and Cornelius, at least, we'll put together.

15 MR. WISHNEW: Okay.

16 THE COURT: Okay.

17 MR. WISHNEW: The next contest --

18 THE COURT: Harper's adjourned, I gather.

19 MR. WISHNEW: Harper is adjourned, that's correct,
20 Your Honor.

21 THE COURT: Right. Joan Johnson?

22 MR. WISHNEW: Joan Johnson, the nineteenth omni, that
23 at this point is going forward. Ms. Johnson -- and I'm not
24 speaking for Mr. Nosek, but my understanding is Mr. Nosek's
25 office spoke with Ms. Johnson. She expressed to them that she

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1 misunderstood what the proof of claim was for, that was simply
2 putting in a claim for the principal balance of her mortgage
3 but otherwise didn't have a claim against the debtors. And at
4 least our understanding was that she would be withdrawing her
5 claim. That hasn't happened up until now, so we think the
6 objection is appropriate.

7 THE COURT: Mr. Nosek, can you shed some light on it?

8 MR. NOSEK: Yes, Your Honor. We've had multiple
9 contacts with Ms. Johnson at our office. On August 6th, Brian
10 Powers again, left a voicemail for Ms. Johnson and she returned
11 the phone call. And the notes are that the matter was resolved
12 and Mr. Powers sent her -- we have a form notice of withdrawal
13 that you've seen entered on the docket. She received that,
14 then there was several follow up e-mails and phone calls with
15 her, and apparently Ms. Johnson forwarded an unsigned
16 withdrawal to KCC.

17 THE COURT: Okay.

18 MR. NOSEK: So what this looks like to us is --

19 THE COURT: All right.

20 MR. NOSEK: -- she agreed to withdraw and just didn't
21 sign the document.

22 THE COURT: The objection to the Johnson claim is
23 sustained.

24 MR. NOSEK: Thank you, Your Honor.

25 THE COURT: Thank you.

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1 MR. WISHNEW: Your Honor, with regards to the
2 twentieth omnibus objection the two matters going forward today
3 are Leilani Sulit and Lucious Hughes.

4 THE COURT: Yes.

5 MR. WISHNEW: Leilani Sulit, claim number 1397, Mr.
6 Hughes, claim number 2554. With regards to Ms. Sulit, again,
7 the claim on its face appears to be simply --

8 THE COURT: Are you just trying to reclassify this
9 one?

10 MR. WISHNEW: No, we're trying to expunge this, Your
11 Honor.

12 THE COURT: Expunge. All right, go ahead.

13 MR. WISHNEW: The claim is basic -- appears to be the
14 principal balance of her mortgage, so we sent out the letter
15 asking to her to substantiate that; got no response. No
16 response to the claims objection. We got a response from her
17 husband, who is on the mortgage, but not on the notes. He is
18 not financially liable to the investors or to the servicer in
19 this regards -- alleging forgery of his signature. There's
20 nothing -- this is the first time that we have actually heard
21 of this. They have been regularly making payments on their
22 mortgage, but at this point we don't believe that this amounts
23 to a claim that should stand against the debtor, and so we've
24 asked for that matter to be expunged.

25 THE COURT: Mr. Nosek?

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1 MR. NOSEK: Your Honor, with regard to the Sulit
2 claim, on July 25th and again on August 2nd Brian Powers of our
3 office left phone messages with someone at Mr. Sulit's
4 office -- must have been the only phone number we had for
5 him -- and no we have received -- we got no contact back from
6 him. So we did make the effort to reach out to him to see if
7 we could work this out and there was no response to our office.

8 THE COURT: So assume the Sulit contention that his
9 signature was forged, does that give rise -- that doesn't give
10 rise to a claim?

11 MR. WISHNEW: I don't believe so Your Honor, because
12 the only person who's financially liable to the debtor right
13 now is Leilani Sulit, not Patricio Sulit.

14 THE COURT: So there's no consequence whatsoever.
15 Let's assume they were able to offer proof that an agent of the
16 debtor intentionally forged Mr. Sulit's name. That wouldn't
17 give rise to a defense by Leilani Sulit?

18 MR. WISHNEW: I'm not sure how, again with regards to
19 the --

20 THE COURT: Okay, I'm determining this is a contested
21 matter, and this should go in the same hearing. Look, I'm not
22 wild about going forward with hearing on these, but I also --
23 it's not the first time I've heard about forgery being done in
24 connection with loan documents. Okay, and your defense that it
25 doesn't matter whether his name was forged, he's not on the

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1 note -- well maybe that's -- that may be right.

2 MR. WISHNEW: I --

3 THE COURT: I'm not ruling against you on it. But I
4 want to give -- I'm going to give Sulit a chance.

5 MR. WISHNEW: Okay, I'll just say one -- just for the
6 record in that regards. as set forth in Exhibit A to our reply,
7 the forgery pre-dates when GMAC Mortgage began servicing the
8 mortgage. So --

9 THE COURT: We'll let Mr. Su -- we'll let the Sulit's
10 come in.

11 MR. WISHNEW: Okay.

12 THE COURT: Okay. The procedures order also
13 specifically should require the borrowers to provide evidence
14 of their damages. That has to be exchanged. We're not going
15 to walk into a hearing and hear for the first time -- I'm not
16 going to consider any evidence they don't provide.

17 MR. WISHNEW: I think that's fair and appropriate,
18 Your Honor, thank you.

19 THE COURT: Okay. Barel is adjourned.

20 Lucious Hughes.

21 MR. WISHNEW: Lucious Hughes, again. This is -- based
22 on the most recent submission by Mr. Hughes, this appears to be
23 a matter between Mr. Hughes and Green Tree. It is not a matter
24 between GMAC Mortgage and Mr. Hughes. The escrow that is at
25 issue is currently being held and administrated by Green Tree.

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1 The letter he attaches to his response talks about Green Tree
2 requiring documents of Mr. Hughes. At this point GMAC Mortgage
3 doesn't hold funds owing to Mr. Hughes, and any responsibility
4 relating to this is now with Green Tree. So --

5 THE COURT: All right, sustained.

6 MR. WISHNEW: Thank you, Your Honor. The only two
7 really remaining matters are the twenty-first omnibus
8 objection.

9 THE COURT: All right.

10 MR. WISHNEW: Tom Franklin and the Harleston Law Firm.
11 Again, with regards to Mr. Franklin, similar to Ms. Cornelius
12 and others, this appears to be the face amount of a mortgage.
13 He simply asserts I don't owe any money. We've gone -- in
14 addition to -- after we got his response to the omnibus
15 objection our team went back, looked at the books and records
16 and confirmed that we don't -- are not aware of a specific
17 liability; and the claimant has not voiced and specified a
18 liability.

19 THE COURT: What was the relationship with the debtors
20 and Franklin?

21 MR. WISHNEW: I believe he was a borrower whose
22 mortgage we serviced? Yes.

23 THE COURT: Mr. Nosek?

24 MR. NOSEK: With regard to this one, Your Honor, we
25 had called back in late August, Mr. Franklin, on multiple

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1 occasions, but were unable to leave a voicemail, whatever
2 number wasn't set up. We did send an e-mail on 8/23, sent a
3 contact request letter on September 4th. Finally on the 9th,
4 two days ago, we did receive a short form page letter that just
5 says, "Please be advised of the following: I have a valid
6 claim against you and the debtor that you represent" -- and
7 this is addressed to Mr. Powers. "The debtor has filed an
8 unreasonable objection to my claim, even knowing that the
9 federal courts have filed and obtained a court order decree
10 against them. Please be advised that I intend to pursue this
11 claim to the fullest extent of the law".

12 THE COURT: All right. Is Mr. Franklin on the
13 telephone? Any representative of Mr. Franklin on the
14 telephone? Objection sustained.

15 MR. WISHNEW: Thank you, Your Honor.

16 MR. NOSEK: Thank you, Your Honor.

17 MR. WISHNEW: And the last matter is the claim filed
18 by Harleston Law Firm, claim number 1899. Simply, they've
19 submitted a claim -- they say, well you've poorly scheduled our
20 claims so there must be liability. Again, we -- in response
21 to --

22 THE COURT: Did you schedule a claim?

23 MR. WISHNEW: No, Your Honor, we did not. I checked
24 the first -day petition -- I'm not quite sure -- now, again,
25 there could be --

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1 THE COURT: Did you put in an affi -- did someone put
2 in an affidavit saying there was no scheduled claim for
3 Harleston Law Firm?

4 MR. WISHNEW: We can certainly do that to supplement
5 the record, Your Honor. But --

6 THE COURT: Is there anybody from Harleston Law Firm
7 present on the telephone?

8 Okay. Mr. Nosek?

9 MR. NOSEK: Your Honor, so the record's complete, Mr.
10 Powers actually did speak with the claimant on 9/9 and the
11 claimant still adamantly asserts that they were scheduled. But
12 as we're hearing from the debtors, they weren't. And our
13 review of the schedules --

14 THE COURT: You've looked at the schedules and you
15 can't find them?

16 MR. NOSEK: We can't find them either.

17 THE COURT: Okay. I want an affidavit -- a
18 declaration from a competent witness that schedules and any
19 amended schedules have been searched and no liability to
20 Harleston Law Firm was listed in the debtors' schedules. If
21 it's listed as disputed, tell me that. If you submit the
22 declaration and it establishes that there was -- it was not
23 scheduled, submit an order sustaining the -- with it, submit an
24 order sustaining the objection.

25 MR. WISHNEW: Absolutely, Your Honor.

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1 THE COURT: Okay.

2 MR. WISHNEW: Yup.

3 THE COURT: I just --

4 MR. WISHNEW: That concludes item number 10 on the
5 agenda under omnibus claim objections, which brings -- I'm
6 sorry that item 9. Items 10 and 11 are the twenty-second and
7 twenty-third omnibus objections. The twenty-second is being
8 carried to September 24th, and the twenty-third is being
9 carried to October 2nd. So I believe with that Your Honor,
10 we've completed today's agenda, and greatly appreciate Your
11 Honor's time and patience.

12 THE COURT: Okay, anything else anybody else wants
13 raised?

14 MR. NOSEK: No, Your Honor. Thank you, again.

15 THE COURT: All right, let's go off the record.

16 (Whereupon these proceedings were concluded at 1:00 PM)

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RULINGS

5

Page Line

6 Bradley Arant fee application is approved 32 3
7 as amended on the record.

8 Carpenter Lipps' interim fee application is 35 8
9 Approved as amended on the record.

10 Centerview's interim fee application approved 36 14
11 as amended on the record.

12 Curtis Mallet's interim fee application 37 11
13 approved as amended on the record.

14 Deloitte & Touche interim fee application 38 3
15 approved as amended on the record.

16 Dorsey & Whitney's interim fee application 39 14
17 approved as amended on the record.

18 Ernst & Young's interim fee application is 40 6
19 approved.

20 FTI Consulting's interim fee application 41 8
21 approved as amended on the record.

22 KPMG's interim fee application is approved. 41 20
23 Locke Lord's interim fee application is 41 24
24 approved.

25

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1	Mercer's interim fee application is approved as amended on the record.	42	6
2	Morrison Cohen's interim fee application is approved as amended on the record.	47	8
3	Morrison & Foerster's interim fee application is approved as amended on the record.	52	24
4	Expenses will be approved after further reduction.		
5	Orrick, Herrington & Sutcliffe's interim fee application is approved as amended on the record.	53	9
6	Pepper Hamilton's interim fee application is approved as amended on the record.	56	14
7	Perkins Coie's interim fee application is approved as amended on the record.	57	10
8	Rubenstein Associates' interim fee application is approved.	57	14
9	Severson & Werson's interim fee application is approved as amended on the record.	57	23
10	Towers Watson's interim fee application is approved.	58	4
11	AlixPartners' interim fee application is approved as amended on the record.	61	13

RULINGS		
	Page	Line
3 Analytic Focus' interim fee application is approved.	61	17
5 Coherent Economics' interim fee application is approved. Decision reserved on expense application	63	4
8 Epiq's interim fee application is approved as amended on the record.	63	20
10 J.F. Morrow's interim fee application is approved.	63	24
12 Kramer Levin's interim fee application is approved as amended on the record. Ruling regarding expenses is reserved.	65	8
15 Moelis' interim fee application is approved as amended on the record.	67	9
17 Pachulski's interm fee application is approved as amended on the record.	67	26
19 San Marino's interim fee application is approved as amended on the record.	68	15
21 SilvermanAcampora's interim fee application is approved as amended on the record	68	23
23 Wilmer Cutler Pickering Hale and Dorr's interim fee application is approved as amended on the record	71	18
25		

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2			
3	Chadbourne & Parke's interim fee	74	1
4	application is approved as amended		
5	on the record		
6	Examiner Arthur J. Gonzalez's interim	74	13
7	fee application is approved		
8	Leonard, Street and Deinard's interim	74	18
9	fee application is approved		
10	Mesirow Financial Consulting's interim	75	2
11	fee application is approved as amended		
12	on the record.		
13	Wolf Haldenstein Adler Freeman & Herz's	75	8
14	interim fee application is approved		
15	Release of holdback approved	77	20
16	Debtors' objection to PNC Bank's	89	11
17	proof of claim is sustained		
18	Objection to claim by Anthony Davide	128	17
19	sustained. Claim 482 is reclassified.		
20	Objection to claim by Joan Johnson sustained.	138	22
21	Objection to claim by Lucious Hughes	142	5
22	sustained.		
23	Objection to claim by Tom Franklin sustained	143	14
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25			

1

2 C E R T I F I C A T I O N

3

4 I, Penina Wolicki, certify that the foregoing transcript is a
5 true and accurate record of the proceedings.

6

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9

Penina Wolicki

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11

PENINA WOLICKI

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AAERT Certified Electronic Transcriber CET**D-569

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Date: September 12, 2013

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